



# ***Daily Report***

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## **China**

FBIS-CHI-93-038  
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1 March 1993

# Daily Report

## China

FBIS-CHI-93-038

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1 March 1993

**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

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## General

### Column Discusses U.S. Foreign Policy Trends

HK0103022093 Beijing FAZHI RIBAO in Chinese  
24 Feb 93 p 4

[From the "International Focus" column by Lian Zhi (6647 1807): "Trends of U.S. Diplomacy as Viewed From Christopher's Visits Abroad"]

[Text] Warren M. Christopher, U.S. secretary of state, arrived in the Egyptian capital of Cairo on 28 February, thus beginning the first of his shuttling visits overseas. That was the first major diplomatic action initiated with meticulous preparations since Clinton took office in the White House, and it is not difficult to see the new U.S. Administration's trends of diplomacy.

The mission of Christopher's recent visits was arduous. His first task was to recommence the Middle East peace process, which had landed in a stalemate. This being the case, Christopher first visited such Middle Eastern countries as Egypt, Jordan, Lebanon, Saudi Arabia, Kuwait, and Israel, and met members of a Palestinian delegation for dialogues. In his statement made on 16 February, Clinton said: "The current administration will rank Middle East peace as a top priority in its consideration." It is not by chance that the new U.S. Administration shows such great concern for the Middle East issue. First, it is a matter of continuity in policy; one of the diplomatic feats of the Bush administration was its great efforts in the wake of the Gulf war to promote the convocation of the Middle East peace talks, which made possible eight rounds of Arab-Israeli talks. However, because of the U.S. general election, this process has been held and delayed for several months. Clinton has long promised to rank the Middle East peace process as a top priority in his diplomatic tasks; therefore, he is in urgent need to put his words into action now. Second, the Middle East is one of the most important regions of U.S. strategic interest. Oil in the Middle East, especially in the Gulf area, is the indispensable lifeblood to the West; the more so for the United States, whose reliance on Middle East oil has increasingly grown with each passing day. Presently, Gulf oil accounts for 30 percent of U.S. imports. The Middle East is a major market for U.S. arms. After Iraq's invasion of Kuwait, U.S. arms orders from the region during the Gulf war involved \$28.5 billion. This being the case, only by showing concern for the Middle East peace process and stabilizing moderate Arab countries while dealing blows at Iraq and Islamic radical forces will it be possible to maximally protect U.S. strategic interests in the Middle East.

It has been noted that, in his recent shuttling in the Middle East, Christopher has, on many occasions, reaffirmed President Clinton's remarks that the United States is willing to become "an official partner" or "complete partner" in the Middle East peace process. Obviously, there is a marked difference between Bush's

past wording of the United States being "just mediator" or "a middleman of peace." The indication that the new U.S. Administration is more active in participating in the Middle East peace process has won universal acclaim from the Arabs. Earlier, however, Clinton's pro-Israeli stance expressed during his presidential campaign had led to anxieties for the Arabs. The atmosphere of the Arab-Israeli peace talks was soured when Israel deported some 400 Palestinians from the occupied territories on 17 December last year. The Arabs set out the implementation of the UN Security Council Resolution No. 799 on prompt, unconditional repatriation of the deported Palestinians as the condition for resuming bilateral talks. To prevent Israel from the Security Council sanctions, the United States persuaded Israel to concede, and it promptly repatriated 101 deportees; the rest will be allowed to return to their homeland within a year. Although the U.S.-Israeli compromising project helped Israel tide over the difficulty, it roused the Arabs' complaints. During Christopher's recent visits, related sides have set out some new plans of compromise; however, differences between various sides have yet to be adjusted, especially when the Arabs will soon observe the "Ramadan," and busy talks can only be resumed in April and May.

In the wake of his Middle East visits, Christopher is scheduled to arrive in Geneva on 25 February, mainly to hold talks with his Russian counterpart Kozyrev to make arrangements for the first summit between U.S. President Clinton and Russian President Yeltsin. In formulating his foreign policy, Clinton has decided on two priority targets: namely, assisting Russia to improve its economy and promote democratic changes, and preventing nuclear proliferation. At a Congressional hearing, Christopher said that Yeltsin's economic and political reform is the best hope for us to reduce the nuclear and conventional weapons in Russia and other former USSR member countries; this way, the United States will be enabled to cut back its own defense expenditure. Whereas in pursuing reform, President Yeltsin has all along expected aid from the United States and other Western countries. It will not be difficult for the United States and Russia to reach an agreement on the specific arrangements for the summit, proceeding from each's own interests. However, U.S.-Russian relations are not as harmonious as they were in the early days. Russia has long complained about the United States for making many promises on aid but failing to make good on those promises. Recently, Yeltsin openly criticized the United States for its "domineering" tendency on the Iraqi and Yugoslavian issues. This being the case, people are waiting to see what specific actions Clinton will take in handling the relations with Russia.

Christopher is scheduled to participate in the NATO conference for foreign ministers in Brussels on 26 February, with the main purpose of discussing military intervention in Bosnia-Herzegovina. Christopher announced the U.S. six-point plan for settling the Bosnia-Herzegovina conflict, including resorting to diplomatic, military, and economic sanctions, and taking



action in providing humanitarian [ren dao zu yi di 0086 6670 0031 5030 4104] aid. An outstanding characteristic of this plan is that: First, the Clinton administration has for the first time expressed that the United States is to more actively participate in settling the Bosnia-Herzegovina conflict; and, second, the United States is ready to take part in action in implementing the Bosnia-Herzegovina cease-fire accord, including resorting to military actions and dispatching U.S. ground forces. This is a change from the past position of the Bush administration and Clinton's own policy and ideas during his presidential campaign. The EC has done everything it can in mediating the conflict in the former Yugoslavia, with little result; this being the case, it welcomes more active U.S. participation; however, it has doubts about U.S. military involvement, and the two sides need to harmonize their positions.

In the past, the United States diverted its attention to world issues because of presidential elections and its economic problems; relatively speaking, U.S. foreign policy was in a state of letting issues drift. Presently, Clinton is keeping a close watch on domestic economic issues on the one hand; on the other hand, he is beginning to adopt a new policy with his own characteristics in the diplomatic arena; however, the core remains maintaining the U.S. position as a superpower and its global political, economic, military, and security interests.

#### **Assessments of William Christopher's Mideast Tour**

##### **'Roundup' on 'Main Mission'**

HK0103034093 Beijing RENMIN RIBAO in Chinese  
26 Feb 93 p 6

["Roundup" by staff reporter Xu Ping (1776 1627):  
"Christopher's First Visit to the Middle East"]

[Text] Cairo, 24 Feb (RENMIN RIBAO)—U.S. Secretary of State Christopher concluded his one-week visit to the Middle East. His main mission was to seek a solution for the problem concerning the more than 400 Palestinians being expelled to southern Lebanon, and to strive for the resumption of the suspended Israeli-Arab bilateral talks at an early date. All quarters concerned closely watched his first trip to the Middle East in order to find out the orientation of the Middle East policy of the new U.S. Administration.

Christopher selected the Middle East as the destination of his first foreign trip after taking office, and indicated that the new U.S. Administration attaches great importance to the oil-rich region of major strategic significance. In this trip, he also visited Saudi Arabia and Kuwait, which have no direct relation with bilateral talks, and also sternly warned Iraq to thoroughly implement the resolution of the UN Security Council. Before he visited Israel, he traveled by helicopter from Cyprus to Lebanon, going beyond expectations, and held talks with the Lebanese leaders in east Beirut in order to show

that the United States supports the current government in Lebanon. It seems that continuing to push ahead the Arab-Israeli talks, thus gradually building mutual trust between Israel and the Arab nations and striving to make a breakthrough in the Middle East peace talks is not only in line with the strategic interests of the United States in this region, but is also an important aspect of the foreign policy of the new administration in the White House.

When Christopher arrived in Israel on 23 February, he said that from then on, the United States was willing to play a role as a "full partner" in the Middle East peace talks. This was obviously more interesting to the Arab countries than the previous role as an "intermediate guarantor." During his visit to Israel, Christopher continued to stress the "special relationship" between the United States and Israel, and reiterated Washington's commitment to Israel's security. However, he also explained: "Without concluding a peace treaty through direct talks, it will be impossible to achieve real peace and there will be no real security." "However, if there is no full guarantee for Israel's security, there will be no real peace in the region."

In his two-day visit to Israel, Christopher twice met with the Palestinian representatives from the occupied territories. On 23 February, he also met some Palestinians outside the Palestinian delegation to the Middle East peace talks and its advisory committee. This was the first time such a meeting had been held since the Madrid Peace Conference in 1991. In addition, PLO Chairman 'Arafat also passed a letter to Christopher through these representatives, officially requiring that the new administration of the United States restore direct dialogue with the PLO. According to informed sources, during his visit to Israel, Christopher gave Rabin a U.S.-initiated program for Palestinian autonomy on the basis of summing up the opinions of both the Israeli and Palestinian sides.

The Jerusalem issue is always deeply upsetting the Arab side. This time, in his trip to the Middle East, Christopher tried hard to avoid touching such extremely sensitive issues.

Christopher's activities in the past week show that although there would be no major change in the Middle East policy of the United States, some different practices would still appear on certain issues.

##### **'Roundup' on U.S. Interests**

HK0103072593 Beijing RENMIN RIBAO OVERSEAS  
EDITION in Chinese 27 Feb 93 p 3

["Roundup" by Lian Zhi (6647 1807): "Intention of Christopher's Diplomatic Shuttle in the Middle East"]

[Text] Between 18 and 25 February, U.S. Secretary of State Christopher shuttled day and night between the seven countries of Egypt, Jordan, Syria, Saudi Arabia, Kuwait, Lebanon, and Israel, holding talks with the leaders of these countries mainly on the Middle East situation and the resumption of the peace process. In

addition, he also made a stopover in Cyprus and met with leading Palestinian negotiators.

Christopher selected the Middle East as the first destination for a foreign trip after taking office, and this indicates that the Clinton administration is paying special attention to the Middle East situation. Clinton said: "This administration will give priority to the realization of peace in the Middle East." However, a more important reason for Christopher's Middle East trip lies in the fact that the United States has special strategic interests in this region. Economically, with the depletion of oil resources in the United States and an increasing dependence on imported oil, U.S. imports of oil from such Gulf countries as Saudi Arabia and Kuwait increased from 20 percent to 30 percent of its total oil imports. Militarily, the United States has received weapons orders worth \$28.5 billion from the Gulf region since the Gulf crisis. In addition, Clinton's indication of paying more attention to the domestic economy and his more obvious pro-Israeli tendencies have concerned the Arab world. Therefore, in order to safeguard strategic U.S. interests in the Middle East, the Clinton administration has found it necessary to take some urgent action.

People have noticed that two prominent changes were made during Christopher's Middle East shuttle:

First, the U.S. Secretary of State repeatedly stated that the United States was willing to play a more positive and more effective role in promoting the Middle East peace process in the capacity of an "official partner" or a "full partner." Through Christopher's visit, Clinton passed to the Arab world a message that the United States would involve itself more directly in the peace talks. This was generally welcomed by the Arab side.

Second, Clinton would pay more attention to the strategic relationship with Israel, and is "determined to further consolidate this relationship." However, on some issues, the new U.S. Administration will continue give consideration to demands from the Arab side. Although Christopher refused to exert pressure on Israel concerning the expelled Palestinians, in the face of the unanimous demands of the Arab side, he urged Israel to quicken the process of returning the Palestinians when talking with Israeli leaders. Israeli officials have privately revealed that their government is ready to take such action. It seems that the new U.S. Administration would try to keep a finely balanced policy and would adjust a too prominent pro-Israeli tendency displayed by Clinton during his campaign.

During his trip, Christopher urged both Arabs and Israelis to resume negotiations in April, and both the Arab and Israeli sides expressed a willingness to resume talks as soon as possible. People generally agree that Christopher has achieved the basic objectives of his visit, and this would be "inspiring" to him. At present, difficulties remain on the issue of handling the expelled Palestinians. The United States is urging both sides to compromise. Of course, it will still take time to solve this

problem. However, according to the fundamental interests of both sides, it is very likely that bilateral Arab-Israeli talks will resume in April.

### Mideast Situation 'Changing'

HK0103102793 Beijing RENMIN RIBAO in Chinese  
27 Feb 93 p 6

["International Jottings" by Mu Ni (4476 1441):  
"Remove Obstacles, Resume the Peace Talks"]

[Text] Shortly after taking office, U.S. Secretary of State Christopher paid a shuttle visit to the eventful region of the Middle East. It was said that his mission was as difficult as those of his predecessors. However, one episode in his trip attracted attention from the press. Syrian Foreign Minister Faruq al-Shar "did not say anything to oppose or criticize Israel" at the 30-minute joint news conference held with Christopher in Damascus, although "the Syrian foreign minister used to have a reputation for his caustic attacks on the Jewish nation." An Israeli official gave this reaction in Jerusalem: "We have received this message clearly."

The trend of the Middle East situation is indeed gradually changing. The press is rather sensitive to this, and its reaction is not unreasonable. Recently, the Israeli leadership expressed its willingness to exchange the Golan Heights for peace with Syria; in Damascus, there were also signs that the Syrians would grasp this opportunity to advance the Middle East peace talks in order to make substantive progress. Some people in the outside world even commented: "Syria used to be Israel's biggest enemy; but now it may become Israel's most likely partner for reaching reconciliation." At present, it may still be too early to reach such a conclusion, but according to the reactions to Christopher's visit of the Middle East countries concerned, the mainstream hope is that the Middle East peace talks will be resumed as soon as possible.

As people know clearly, the biggest difficulty in Christopher's mission was the consequences of an ill-considered move by Israel. The Middle East talks came to a standstill because Israel decided to expel more than 400 Palestinians late last year. However, the various quarters concerned were all aware that since the Middle East peace talks began in Madrid in October 1991, the situation had begun to change and this had become irreversible. Although the peace process would always be tortuous and vulnerable, anyone who tried to retard or abort the peace talks would have to pay a heavy cost.

The Israeli Government headed by Rabin did hope to make progress in the Middle East peace talks; but on the other hand, it created the expulsion incident and acted in a way that defeated its own purpose. This disrupted the overall situation of the Middle East peace talks. Even Christopher also hinted that the process of the Middle East peace talks was in essence affected by extremist forces.

Of course, the Arab side and Israel had accumulated rancor against each other, and the antagonism would not be removed overnight. However, any side with sincerity for the positive development of the peace process should strive to reduce hostility rather than do the opposite. The issue of the expulsion of more than 400 Palestinians should be solved properly according to the relevant UN resolution. People ardently hope that all quarters concerned involved in the Middle East conflict will cherish the current opportunity for realizing peace, and will remove the obstacles to resuming the peace talks at an earlier date.

#### 'Arafat Sends Message to PRC on Mideast Talks

OW2602214993 Beijing XINHUA in English 2027  
GMT 26 Feb 93

[Text] Tunis, February 26 (XINHUA)—PLO Chairman Yasir 'Arafat has sent messages to Egypt, China and France on the withdrawal by the United States of its latest assurances to the Palestinians, the Palestinian news agency WAFA reported today.

The letters were addressed to Egyptian President Hosni Mubarak, Chinese Foreign Minister Qian Qichen and the French Government, WAFA said. 'Arafat delivered them when separately meeting with the ambassadors of the three countries since late Wednesday [24 February] night.

Egypt, the only Arab country to have signed a peace with Israel, has pledged to be an "honest broker" in the Middle East peace process. China and France are permanent members of the U.N. Security Council.

'Arafat has also requested ambassadors of European Community countries other than France to convey similar messages to the Foreign Ministerial Council of the EC, WAFA added.

When meeting with Palestinian peace negotiators in Jerusalem Wednesday night, U.S. Secretary of State Warren Christopher delivered a four-point proposal to lure them back to the negotiation table.

The proposal contained the following assurances:

- Israel will avoid further deportations.
- Israel will implement within a fixed timetable U.N. Security Council Resolution 799 that calls for the repatriation of all the deportees.
- Israel will consider repatriating some of the other Palestinians it has deported from the West Bank and Gaza Strip since 1967 and;
- The United States reiterate commitment to Resolutions 242 and 338 as the basis for peace negotiations.

The resolutions demand Israeli withdrawal from the West Bank and Gaza Strip in exchange for peace with the Arabs.

After Christopher left Israel Thursday morning in the wake of a 7-nation Mideast tour to revive the stalled

peace talks, the PLO was notified by the Russian ambassador to Tunisia that the proposal was no longer valid.

Reports said that this came apparently under Israeli pressure.

Palestinian peace negotiators in the occupied territories said that they were unaware of the withdrawal. Israeli Prime Minister Yitzhak Rabin refused to rule out future deportations but said that the December 17 mass expulsion was "an exception."

In a related development, a senior PLO official said today that the Arab-Israeli peace talks could not resume without U.S. commitment to these U.S. assurances.

"The obstacle Israel placed to the peace process still exists and the withdrawal by Israel and the U.S. of the proposal by Secretary of State Warren Christopher returned the issue to the zero point," Yasir 'Abd-Rabbuh, member of the PLO Executive Committee and head of the PLO Information Department said.

The PLO official said that the ninth round of peace talks will not be held unless Israel adheres to the four-point proposal.

"Israel believed that the PLO would reject the proposal. But, when the PLO welcomed it, Israel declared that it rejected the articles related to its deportation policy and to Security Council Resolution 799 ordering the repatriation of the Palestinians banished to a no man's land in South Lebanon," said the PLO official.

The PLO official confirmed media reports that through the Russian ambassador to Tunis, the PLO had sent an urgent appeal to the U.S., demanding pressure on Israel to make it accept the proposal.

#### DPRK Urges U.S. To Stop Exerting 'Pressure'

OW0103052093 Beijing XINHUA in English 0257  
GMT 1 Mar 93

[Text] Pyongyang, March 1 (XINHUA)—The Democratic People's Republic of Korea (DPRK) on Sunday [28 February] urged the U.S. Government to give up its effort to exert pressure on the DPRK.

The call was contained in a memorandum released by the DPRK Government to mark the first anniversary of the enforcement of the non-aggression agreement between the two sides of Korea.

The memorandum accused the United States and South Korea of increasing tension on the Korean peninsula by staging the "Team Spirit" joint military exercises and pressing the DPRK unjustifiably to accept a nuclear inspection.

It said the situation on the Korean peninsula was now very tense because the dialogue between the two sides of Korea had been suspended and the agreements reached in previous talks could not be fully implemented.



The DPRK Government proposed in the memorandum that the United States and South Korea cancel their joint military maneuvers and the United States abandon its policy on the DPRK formulated in the "Cold war" period.

The memorandum also called on South Korea to make contribution to the reunification of the Korean nation in the light of the spirit of national self-determination.

#### **U.S. Drops Leaflets in Bosnia-Herzegovina**

OW2802053393 Beijing XINHUA in English 0457  
GMT 28 Feb 93

[Text] Belgrade, February 28 (XINHUA)—The United States dropped one million leaflets over eastern Bosnia-Herzegovina Saturday [27 February] telling people in the region that food and medicine will follow soon.

Two U.S. cargo planes carried out the mission, reports from Sarajevo, capital of the war-ravaged Bosnia-Herzegovina said.

The aid is aimed at as many as 300,000 people in the area, who are dying from cold and hunger after relief aid to the area was cut off months ago.

U.S. officials said that food and medicine is likely to follow the leaflets in one to two days.

The reports said that the two planes took off from Rhein-Main Air Base outside Frankfurt on Saturday evening, dropped leaflets at four points and returned to the base early Sunday.

The leaflets warned people to steer clear of the falling pallets of food and medical aid and pleaded for warring factions not to fire at the planes, according to the reports.

Official sources said that U.S. C-130 transport planes will drop the aid and each of them will carry 16 containers with either food or a combination of food and medical equipment.

The 740-kilogram containers hold 768 army meals-ready-to eat, or MREs, with items like chicken and rice, while the 272-kilogram containers hold a mixture of MREs, medicine and medical equipment, the sources said.

#### **Article Views North American Free Trade Zone**

OW0103111493 Beijing BEIJING REVIEW in English  
No 7, 15-21 Feb 93 pp 12, 13

[Article by Lu Zhengrong: "NAFTA and Its Impact Worldwide"]

[Text] The signing of the North American Free Trade Agreement (NAFTA) by then US President George Bush, Canadian Prime Minister Brian Mulroney and Mexican President Carlos Salinas simultaneously on December 17, 1992 marked another milestone on the road toward the eventual formation of a North American free trade zone [NAFTA].

The pact, after approved by the legislatures of all three countries, will go into effect on January 1, 1994. The three nations proposed to reduce and finally eliminate all tariffs and nontariff barriers for trade and investment within 15 years, making NAFTA the world's largest trading bloc, with 354 million consumers and 6.4 trillion dollars in total trade.

The agreement was reached through years of repeated and tough negotiations, which could be dated back to 1985 when initial talks started between the US and Canada for a variety of reasons and motives.

First of all, the idea came to the United States as it found its economic power relentlessly declining. As is known to all, the United States held a dominant position in the world economy from the end of World War II through the 1950s. However, since the 1960s America's economic position has been gradually weakened, with growth slowing down, and its proportion in the world's total exports decreasing. Its gold reserves shrank greatly from 68.7 percent of the world's total in 1950 to 28.3 percent in 1987.

These changes have produced significant impact on US foreign trade policies. The US was forced, among other things, to turn gradually from multilateral agreements based on the principles of GATT to bilateral agreements, and from the whole world to North American area. The US desire to set up a North American economic and trade bloc emphasizes the necessity Washington recognizes for enhancing its economic position. As Bush said, it will help the United States to prepare for the challenges and opportunities of the next century.

Second, the NAFTA can be regarded as a US response to the trade imbalance among the major Western countries and the intensifying protectionism. Since the 1980s, such trade imbalances, typically reflected in the huge US trade deficits with Japan and Germany, have become aggravated.

The United States had enjoyed a favorable balance of trade for a long time, but in 1971 it found itself in an increasingly unfavorable position. America's trade deficit topped US\$137.4 billion in 1988. At the same time, however, West Germany and Japan accumulated huge surpluses, reaching US\$427.5 billion and US\$312.3 billion respectively in 1989. America's trade deficits with Japan and West Germany increased from US\$10 billion and US\$900 million respectively in 1980 to US\$52.1 billion and US\$12.2 billion in 1988, accounting for 37.8 percent and 8.8 percent of its total trade deficits that year.

Along with the growing imbalances came intensified trade frictions. Since 1980, nontariff barriers have doubled in the US, and increased over 40 percent in the European Community. The formation of the EC's internal unified market will eliminate the tariff and nontariff barriers within the group and, as it seems inevitable, will increase protectionism against outsiders, first of all the United States. In this situation, to reduce its trade deficit and counter the EC, the US took the



initiative in 1989 to sign a free trade agreement with Canada on organizing a protective and exclusive economic and trade group.

Third, the NAFTA facilitates the development of trade among North American countries. These nations have already established very close economic and trade ties. For a long time, Canada has been one of America's largest trade partners while Mexico ranks third.

In 1991 the United States exported US\$85 billion worth of commodities to Canada, and US\$33 billion to Mexico. For Canada and Mexico, the US is their largest trading partner. In 1991 their exports to the US amounted to US\$91 billion and US\$31 billion respectively. The total trade value among three countries reached US\$250 billion. In 1986 the total US investment in Canada reached US\$50.2 billion, accounting for 20 percent of its total overseas investment. Even before the free trade agreement was reached, US businessmen had already ventured southward to seek investment opportunities. In the past five years, American companies have invested US\$11.6 billion in Mexico. With growing regional interdependence, to organize an economic and trade bloc to remove trade and investment barriers becomes necessary for the three countries wishing to further their development.

Finally, the stalled GATT negotiations, especially the 1990 failure of GATT's Uruguay Round of trade talks in Brussels, had an unfavorable impact on the principle of non-discrimination basic to the multilateral trade system, forcing the North American countries to seek a regional economic bloc as an alternative.

#### Mixed Reactions

However, there have been different responses to the signing of the NAFTA. US trade unions, environmentalists and some congressmen criticized it for being "incomplete and defective" with respect to issues of environmental protection and labor adjustment. Some voiced worry that the agreement may encourage too much export of capital to Mexico, where the cost of labor is much lower, and lead to increasing unemployment in the United States. In fact US companies have been pouring large funds of money into Mexico since the negotiations began.

Likewise, some people in Mexico and Canada, far behind America in economic strength, have expressed the fear that they will be forced to face stronger US competitors in some industries and meet with increasing unemployment.

But, as the proponents claim, the benefits of the pact seem to outweigh its disadvantages to all the three countries. The gradual elimination of trade and investment barriers among them will strengthen the economic cooperation and vigorously promote their economic development by raising productivity and efficiency to a new level.

The NAFTA has a tendency to spread. Bush said on December 17, 1992 that he hoped it "could be extended to other worthy partners such as Chile and other countries in South America, Central America and the Caribbean." Venezuelans and Chileans have placed themselves as the top of the list for eventual membership. Some analysts predict that NAFTA is the first step toward a hemispheric trade bloc.

Facing the worldwide trend toward economic blocs, Japan, which was built up on trade, worries that it will be kept out of the regional trade blocs. Last August, the Japanese Foreign Ministry expressed a "basic welcome" to NAFTA but hoped no high walls would be built around the North American market to exclude outsiders. Other countries that have long been trading partners of the United States, such as Britain, Germany, France and the Netherlands, will also suffer certain losses either in their share of the North American market or in the renegotiated prices of their exports to the North American market. Thus an "open regionalism" is generally desired.

For the large number of developing nations there are also similar worries. It will be getting more and more difficult for them to trade with North American countries, where internal reciprocal free trade measures will certainly promote the expansion among themselves, and the cost and the prices of their commodities will be lower, thus more competitive internationally. No wonder that Philippine Secretary of Finance Rosario said that the establishment of NAFTA provided additional reasons for establishing an ASEAN free trade zone with a population of about 300 million.

Furthermore, the establishment of NAFTA will adversely affect developing countries' absorption of foreign capital. The elimination of investment restrictions within NAFTA will increase the direct mutual investment among themselves. Consequently their investment in developing countries will decrease. Meanwhile, some non-NAFTA developed countries will also increase their direct investment in the area in order to transcend the bloc's trade barriers. At present, Japan and some EC countries have already rapidly increased their direct investment in Canada and the United States.

In sum, the signing of NAFTA, which reflects the current trend in the world economy of forming regional bloc, will have a profound influence on not only the countries concerned, but also the world as a whole, for better or worse.

#### G-7 Finance Ministers Meeting Opens in London

OW2702131993 Beijing XINHUA in English 1058  
GMT 27 Feb 93

[Text] London, February 27 (XINHUA)—Group of Seven (G-7) finance ministers today began a one-day meeting, which will focus on world economic growth, trade and unemployment.

British Chancellor of the Exchequer Norman Lamont, who suggested the meeting, welcomed his counterparts from the United States, Japan, Germany, France, Italy and Canada at the 19th-century Lancaster House in central London.

Officials, who prepared the meeting, said the talks are expected to see some tough questioning of Germany's tight monetary policy, Japan's sharply rising trade surplus and the U.S. attitude to trade and currencies in an attempt to iron out obstacles to world economic growth.

U.S. President Bill Clinton last night called on Washington's industrial partners to work together to boost world economic growth to avoid a 1930s-style depression.

He particularly emphasized on the need to reduce interest rates, stimulate investment and restore robust world growth, setting the tone for the London meeting.

Britain, France, Italy and Germany, all have high unemployment rate, are looking to G-7 partners for help in ending the recession.

Japan has rejected U.S. calls to boost the yen against the dollar as "unreasonable", citing its moving into recession.

Officials said G-7 ministers will try to rebuild the group as a force for economic co-operation to bolster faltering world growth.

They are expected to prepare for possible joint measures to be agreed at April's formal meeting in Washington and to "get to know" Bentsen and new Japanese Finance Minister Yoshiro Hayashi.

There is no set agenda for today's informal talks and no communique is expected. A press conference will be held at the end of the meeting at around 1430 GMT.

**UN Security Council Discusses Humanitarian Aid**  
*OW2702032193 Beijing XINHUA in English 0213  
GMT 27 Feb 93*

[Text] United Nations, February 26 (XINHUA)—The U.N. Security Council stressed here today that impartial provision of humanitarian assistance to people affected by conflicts is of critical importance to preventive diplomacy.

It thus recommended that the humanitarian dimension should be incorporated in the planning and dispatching of fact-finding missions, tools frequently used by the United Nations for maintaining international peace and security.

These points were made in a presidential statement adopted by the council here this evening in its monthly discussion on "Agenda for Peace," a document prepared by the U.N. secretary-general last June to guide the United Nations in its work in the coming few years.

In the "Agenda for Peace," preventive diplomacy is defined as diplomatic measures taken to ease tensions before they result in conflict.

The statement also said that the council recognized the need to include this aspect in connection with information-gathering and analysis and encouraged member states to provide the secretary-general with such information.

The Security Council also noted the on-going cooperation between the United Nations, regional arrangements and non-governmental organizations in providing such assistance in emergency situations around the world and invited the secretary-general to further explore ways to advance such cooperation.

However, the council expressed concern about the deliberate obstruction of delivery of humanitarian relief and violence against humanitarian personnel and misappropriation of humanitarian assistance in the former Yugoslavia, Iraq and Somalia.

"The council stresses the need for adequate protection of personnel involved in humanitarian operations in accordance with relevant norms and principles of international law and believes that this matter requires urgent attention," the statement emphasized.

In the statement, the council also expressed belief that humanitarian assistance should help establish the basis of enhanced stability through rehabilitation and development, and suggested that relief efforts be eventually directed to social and economic development of the recipient nations.

**Li Peng Addresses UNESCO Education Meeting**  
*OW0103090393 Beijing XINHUA in English 0831  
GMT 1 Mar 93*

[Text] Beijing, March 1 (XINHUA)—A national conference on education for all opened here today as part of the efforts to promote the Education for All (EFA) Program initiated by the United Nations Educational, Scientific and Cultural Organization (UNESCO).

Addressing the opening ceremony, Chinese Premier Li Peng reviewed China's achievements in education, saying that China has made major progress in popularizing the elementary education and in wiping out illiteracy, expanded the vocational and technical education, made unprecedented progress in developing the adult education and on-the-job training and established a complete system of higher education.

But, as the most populous nation in the world, Li said, "China is shouldering heavy responsibilities and facing grave challenges in promoting the goal of education for all.

The Chinese premier promised to follow the reform and open policy and strive to realize the goal of making primary education compulsory and wiping out illiteracy among the young people by the end of this century.

He stressed that the Chinese Government has always attached much importance to education, adding that the 14th Chinese Communist Party Congress last year listed

education for priority development and set forth the objectives for China's educational reform and development for the period up to the end of 2000.

The conference is held upon the suggestion by James P. Grant, executive director of the United Nations Children's Fund (UNICEF), and Federico Mayor, director-general of the United Nations Educational, Scientific and Cultural Organization (UNESCO) after the world conference on EFA held in Thailand in 1990.

China is the first country to call such a conference at the national level.

"This is no accident," said Grant, "because the Chinese Government has given education high priority in its development strategy. The phenomenal economic progress of the last decade, has been possible because of the investment China has made in its people—in improving their health, education and nutrition."

He said that the EFA initiative has been widely supported in the nine most-populous developing countries, and China's achievements in particular are remarkable. "It has pioneered and nurtured many imaginative experiments in this regard," he said.

The world's nine most populous developing countries are Bangladesh, Brazil, China, Egypt, India, Indonesia, Mexico, Nigeria and Pakistan, which feed 75 percent of the world's nearly one billion illiterates.

Federico Mayor said that EFA can be achieved through arduous efforts and China is the proof.

"The drop in the illiteracy rate worldwide can be largely attributed to China's efforts to wipe out illiteracy," he said.

Attending the one-day conference were government officials from Brazil, Pakistan, India and Nigeria as well as some 100 Chinese educational officials from all parts of the country.

#### **Yang Shangkun Receives Credentials From 3 Envoys**

OW0103114993 Beijing XINHUA in English 1130 GMT 1 Mar 93

[Text] Beijing, March 1 (XINHUA)—Chinese President Yang Shangkun today accepted credentials from new ambassadors to China from Bulgaria, Japan and Finland.

The Bulgarian new ambassador, Stefan Gaberov, was a minister and charge d'affaires ad interim of the Bulgarian Embassy in Beijing, while the Japanese Ambassador Kunihiro Michihiko and Finland's Ambassador Ilkka Ristimäki arrived on December 28 and January 4 respectively.

## **United States & Canada**

### **U.S. Delegation Begins GATT Issues Talks**

OW0103065593 Beijing XINHUA in English 0646 GMT 1 Mar 93

[Text] Beijing, March 1 (XINHUA)—Consultations between China and the United States on the resumption of China's contracting status in GATT restarted here today in Beijing after a suspension of nearly four years.

The talks which will last for two days are held between the visiting U.S. trade negotiation delegation, headed by W. Douglas Newkirk, assistant U.S. trade representative for GATT affairs, and the Chinese negotiation delegation, headed by Tong Zhiguang, vice minister of foreign economic relations and trade.

During the talks, the two sides will make a detailed deliberation over the protocol for China's re-entering GATT.

The U.S. delegation is the first high-level trade mission to China from the new Clinton administration.

In the talks, Tong Zhiguang said that in the past four years, China has undergone great changes in its economic setup in trying to establish and improve a socialist market economy.

"China is now able to carry out all obligations as required by GATT and its economy should be converted into GATT's multilateral-trading operations as soon as possible," added the vice minister.

Tong also hopes to help promote the negotiation process of the GATT working party on China with active and constructive consultations between China and the United States.

Newkirk reiterated that the United States supports Chinese efforts to re-enter GATT, stating that the U.S. delegation will make every effort together with the Chinese side for this purpose.

### **Zou Jinhua Meets U.S. Oil Company President**

OW2802015693 Beijing XINHUA in English 0141 GMT 28 Feb 93

[Text] Beijing, February 28 (XINHUA)—President W.W. Allen of the Phillips Petroleum Company (PPC) of the United States said that cooperation between his company and China has been successful and he intends to expand it.

The PPC has already struck two sizable oilfields in the Pearl River estuary, south China, with an investment of 200 million U.S. dollars for risk exploration, according to PPC statistics.

In an interview with XINHUA prior to his departure for an inspection tour of the two oilfields, Allen said that



another 600 million U.S. dollars will be invested for the construction of the two oilfields.

He will cut the ribbon for commencing production in one of the oilfields in 1994 and for the other one the next year, Allen said.

The two oilfields are expected to produce a total of 1.7 million tons of oil. Allen is confident that the two oilfields are "commercial projects."

During his three-day stay in Beijing, Allen had discussions with Vice-Premier Zou Jiahua as well as leading officials of the Ministry of Energy Resources, the China National Petroleum Corporation and the China National Off-Shore Oil Corporation.

The two sides explored possibilities for expanding the cooperation, from oil exploration and production down to petrochemical projects, off-shore as well as inland operations, Allen said.

Both sides see the two oilfields in the Pearl River estuary as "a basis for future joint ventures," he said.

The PPC will take part in the bidding for oil exploration in the East China Sea in late June and will come to the bidding for inland oil exploration in vast areas of north and northwest China which will take place in March.

Asked about the reason for expanding the PPC's operations in China, Allen said that the company has had "very good team work" with its Chinese counterpart since they entered into cooperation in 1979.

The PPC has hardly had any problems or troubles with its Chinese counterpart in their decade-long cooperation. "the two sides readily resolve them as soon as they crop up," he said.

What the PPC has done in China is just "a good beginning" and both sides expect something more profitable in the future, Allen said.

Commenting on the fact that more and more big international oil companies are coming to China, Allen said that as the PPC has been quite successful in competitions with them in other parts of the world, "we expect to be successful in competing with them in China as well."

#### **President Clinton Delivers Trade Policy Speech**

OW2602192693 Beijing XINHUA in English 1736  
GMT 26 Feb 93

[Text] Washington, February 26 (XINHUA)—U.S. President Bill Clinton said here today that the current administration is going to make trade "a priority element" of American security.

In his first major speech on foreign trade since his inauguration more than one month ago, the President also shut the door to protectionist orientation.

"The truth of our age is this, and must be this, open and competitive commerce will enrich us as a nation," Clinton declared in his speech at the American University's centennial celebration.

The President said that his administration is now developing a comprehensive trade policy that will step up to the challenges the U.S. faces worldwide in international trade.

He stressed that U.S. trade policy will be part of an integrated economic program, "not just something we use to compensate for the lack of a domestic agenda."

Clinton said that the first thing the U.S. should do in promoting international trade is "get our own economic house in order", adding that the government should cut deficit and promote economic growth at the same time.

He said that U.S. trade policy will not be "a policy of blame, but one of responsibility." "It will say to our trading partners that we value their business, but none of us should expect something for nothing," he said.

In his speech, the president voiced his support to the North American Free Trade Agreement (NAFTA), signed during the Bush administration, and pledged to continue the current round of the General Agreement on Tariffs and Trade (GATT).

The President stressed that the U.S. must promote the steady of growth in the developing world.

He also repeated U.S. support for the economic overhaul of the former Soviet Union and the booming prosperity along the Pacific rim region.

#### **Sets 'Open Trade Agenda'**

OW2602215093 Beijing XINHUA in English 2052  
GMT 26 Feb 93

[Text] Washington, February 26 (XINHUA)—In his first major speech on foreign trade here today, U.S. President Bill Clinton set an open trade agenda for his country, and shut the door to the mounting protectionist appeal.

Meanwhile, the President demanded U.S. trading partners like European countries and Japan, whose trade deficit with Washington ranks the highest, to work together with America and "promote global growth."

Speaking this morning in American University celebrating its centennial anniversary, the president, who was just granted an honorary doctor's degree in law, said his administration is drafting a comprehensive trade policy.

"It will not be a policy of blame, but one of responsibility," Clinton stressed. "It will say to our trading partners that we value their business, but none of us should expect something for nothing."

The 45-minute speech, delivered just one day before U.S. Treasury Secretary Lloyd Bentsen and the Federal Reserve Board Chairman Alan Greenspan are scheduled to meet with their counterparts from the Group of Seven in London, placed great emphasis on how the U.S. should get its economy in order.

"We simply have to get our economic house in order," Clinton said, referring to his proposed economic stimulus package and spending cuts. "It is essential that we do both: Invest so that we can compete, bring down the debt so that we can compete."

"In this global economy there is no such thing as a purely domestic policy," the President said.

To counter the growing protectionist appeal in America, mostly coming from auto, steel and aircraft makers since he took office more than a month ago, the president called protectionism "a sad mistake" which might lead to "a great loss."

"The truth of our age is this, and must be this, open and competitive commerce will enrich us as a nation," he declared.

"In the face of all the pressures to do the reverse, we must compete, not retreat."

Every billion dollars of U.S. exports creates nearly 20,000 jobs, and the nation now has over seven million export-related jobs, mostly in manufacturing. These workers are generally paid 3,500 U.S. dollars more per year than the average American job.

"They are exactly the job we need for a new generation of Americans," the president said.

The President, whose talks early this week in Seattle on alleged European subsidies to Airbus caused an uproar in Brussels, expressed his welcome to foreign products, services, investment and subsidiaries of foreign companies in the U.S. soil.

"We will continue to welcome (them) into our markets, but insist that (ours) be able to enter theirs on equal terms....we do insist simply that (the foreign companies) pay the same taxes," he noted.

During his speech, interrupted by one applause after another by the some 5,000 listeners, Clinton also showed his support to the Uruguay Round talks of the General Agreement on Tariffs and Trade (GATT) and to the North America Free Trade Agreement (NAFTA).

NAFTA was signed during the Bush administration, and Clinton, during his campaign for presidency and after his election, expressed his concern on matters of environmental pollution and labor loss on the U.S. side.

The U.S. has a vested interest in a wealthier, stronger Mexico, "but we need to do it on terms that are good for our people," he noted.

Clinton also mentioned some Asian countries and regions, including Japan, China, Taiwan region, Korea, promising that his administration will work with them to liberalize its trade across the Pacific.

However, his strongest appeal was voiced to the European Community.

"We simply cannot afford to work at cross purposes with the other major industrial democracies," he said, asking them to "work harder and more closely" with the U.S. to reduce interest rates, stimulate investment, reduce trade barriers and restore global growth.

With some three million American jobs come from exports to the developing world, Clinton made U.S. aid policies to these nations as part of the country's trade strategy.

But he cautioned against environmental deterioration and illegal narcotics in trading with these countries.

Clinton described Russia's economic situation as "precarious," and targeted future U.S. assistance to the country and the former Soviet republics towards reform, arms control and nuclear non-proliferation.

### **Explosion Rocks New York's World Trade Center**

*OW2702050793 Beijing XINHUA in English 2332 GMT 26 Feb 93*

[Text] New York, February 26 (XINHUA)—An underground explosion rocked the World Trade Center in lower Manhattan today, killing at least five people, injuring some 300, and affecting thousands in the 110-story twin towers.

The blast, believed to be caused by an unidentified explosive device, took place around 12:18 in a parking garage below the Vista Hotel of the World Trade Center complex, bringing down the ceiling of the Port Authority-Trans Hudson Train Station several levels under the garage. The world's second tallest buildings were shocked by the explosion.

A fire burned for about two hours after the blast, creating acrid smoke.

Nearly half of New York City's fire fighters were called to join the rescue work, and a large area of lower Manhattan was cordoned.

Electricity and heat were cut off to the entire world trade center complex, leaving people trapped by thick smoke in the buildings where some 130,000 people work or visit each day. Some people walked down from 105th floor.

Several local television stations were off the air as the transmission tower on top of one World Trade Center tower stopped working.

The fire caused damage to some computers at downtown brokerages and led to the early closing of two commodity exchanges at the complex.

Later in the afternoon the Empire State Building—another skyscraper in lower Manhattan—was also evacuated at a bomb warning.

Rescue work is still going on at the World Trade Center complex and investigation is under way.

#### Further on Explosion

OW2702081293 Beijing XINHUA in English 0724  
GMT 27 Feb 93

[Text] New York, February 26 (XINHUA)—A blast at the 110-story World Trade Center today killed at least seven people, injured 600 and drove thousands out of the skyscraper.

The explosion was believed to be caused by a bomb in an underground garage below the center buildings.

People fleeing the second tallest building in the world included pregnant woman and kindergarten and elementary school children.

Because electricity and heat were cut off after the blast, those in the building, including company employees and tourists, had to pick their way amid the acrid smoke getting into the twin towers. Some came down from as high as the 105th floor and some from the basement.

The world trade towers, the tallest building in the city dwarfed worldwide only by the Sears Tower in Chicago, have some 130,000 people working or sight-seeing in them every day.

Local police would not rule out a car bomb in the garage and reports said that after the blast, authorities received at least nine telephone calls claiming responsibility.

It was said that security became tighter at the airports here and also in Washington D.C., the U.S. capital, in the wake of the explosion.

The incident occurred at about 12:15 p.m. in a parking garage below the towers, pulling down the ceiling of the Port Authority-Trans Hudson Train Station several levels under the garage.

The station is a key transportation center in the city.

People from the building noted that they felt shaking and heard the explosion.

A fire burned for about two hours after the blast, creating acrid smoke that caused trouble for people in the high towers.

The fire also did limited damage to some over-the-counter market computers at downtown brokerages. However the New York Mercantile Exchange and the Commodity Exchange were forced to close earlier than usual.

Some local television and radio services and other communications, including ABC, CBs and NBC, the three

large TV networks in the states, were interrupted because their transmitters atop the building stopped operation.

Rescue is still going on and investigation into the cause of the explosion is under way.

The World Trade Center twin towers are located at lower Manhattan, the financial district of New York City.

#### Authorities Suspect Terrorism

OW2802053193 Beijing XINHUA in English 0504  
GMT 28 Feb 93

[Text] New York, February 27 (XINHUA)—Authorities here said today that terrorist action was likely to have been responsible for the explosion at the World Trade Center, which left at least five dead, with two missing and over 1,000 injured.

Government officials and police officers all confirmed that they believed the blast Friday [26 February] was caused by a bomb. However, no one is sure who blasted the second tallest building in the world or why.

Speaking at a news conference, New York Police Commissioner Raymond Kelly said traces of nitrate found at the scene, combined with the amount of heat and damage caused by the blast, strengthened the bomb theory.

James Fox, director of the FBI's Manhattan office said the best guess was a high probability that a bombing caused the blast and, possibly terrorist related.

"It looks like a bomb, it smells like a bomb, it probably is a bomb," New York State Governor Mario Cuomo was quoted as saying.

U.S. President Clinton promised to "find out who is involved and why this happened".

FBI Director William Sessions told NBC news on Saturday that there was some indication that the explosion might be connected to the trouble in the former Republics of Yugoslavia as meetings have been planned at the United Nations to try to mediate the fighting there.

The explosion occurred Friday at 12.18 PM in a parking garage under the center, quickly filling the 110-story towers with smoke and forcing the thousands of people working in and touring it to leave the twin towers.

The blast caused the ceiling to collapse at the Hudson line underground station onto passengers below and a resulting fire continued for two hours, creating acid smoke that entered the skyscraper in the city.

Because electricity and heat were cut off after the blast, those in the building, company employees and tourists, usually about 100,000, had to make their way through the smoke to safety. Some came down from as high as the 105th floor and some from the basement.



As they emerged from the building they commented that the blast had felt like an earthquake.

It has now been confirmed that of the five dead, four were employed by the Port Authority of New York and New Jersey, which operates the trader center, whose twin towers are the second and third tallest in the world only after the Sears in Chicago.

Two employees of the Port Authority were still missing on Saturday.

After examining the wrecked garage, experts from the police department, FBI and the Treasury Department's Alcohol, Tobacco and Firearms Division finally reached the agreement that the explosion was caused by a bomb.

Security was increased at airports after the blast, and in Washington.

The fire caused limited damage to some over-the-counter market computers at downtown brokerages. However the New York Mercantile Exchange and the Commodity Exchange were forced to close earlier than usual.

Some local television, radio service and other communications, including ABC, CBS and NBC, the three large TV networks in the States, were interrupted for they have transmitters on top of the center.

The explosion reduced the underground garage to a mass of shattered concrete and twisted metal. A 100-foot by 200-foot hole was blown into the ground, possibly affecting the stability of the twin towers.

The center, located in lower Manhattan, the city's financial district, will be closed at least through Monday while the damage is assessed, the Port Authority said.

### **Royal Bank of Canada To Open Branch in Shanghai**

*OW2602192393 Beijing XINHUA in English 1903 GMT 26 Feb 93*

[Text] Ottawa, February 26 (XINHUA)—Royal Bank of Canada will open the first Canadian bank branch in China next month, taking the advantage of China's continuing opening of its service sector to foreign firms.

The branch will be opened on March 15 in Shanghai, China's largest industrial and commercial city, according to the Canadian newspaper "FINANCIAL POST." Royal Bank Chairman Allan Taylor will make a trip to China for the opening ceremony.

Tim Gibbs, the bank's vice-president and general manager for Hong Kong and China, was quoted by the post as saying that Shanghai was "the preferred choice" for the branch because of its status as China's premier industrial center and its growing commercial importance.

After the rapid growth of the past decade in the southern China, particularly in the Guangdong Province, the eastern Chinese city of Shanghai has opened its door to

foreign firms in recent years in a bid to attract an increasing share of foreign investment.

Gibbs also said Royal Bank may apply for more branches later but has no immediate plans to expand beyond Shanghai. Business in southern China will continue to be handled from Hong Kong, where the royal bank has had operations since 1988, he said.

Coincidental with the royal branch opening, the Bank of China is expected to open an office in the largest Canadian city of Toronto, the POST said.

## **Central Eurasia**

### **Zou Jiahua Receives Russian Labor Minister**

*OW0103061993 Beijing China Radio International in Russian 1900 GMT 27 Feb 93*

[From the "Posledniye Izvestiya" newscast]

[Text] Zou Jiahua, vice premier of the PRC State Council, met with Gennadiy Melikyan, minister of labor of the Russian Federation. Zou Jiahua said that the PRC is willing to develop its friendship and cooperation with Russia on the basis of the Five Principles of Peaceful Coexistence. According to Zou, the PRC is tied to Russia with bonds of traditional friendship, and multilateral relations have developed significantly since diplomatic relations were established between the two states. Zou Jiahua informed his guest of the progress of China's economic development since the creation of the People's Republic. He said: The PRC's development has received an impetus during the years of reform and openness.

In turn, Melikyan remarked that Russia and China have much in common and that the broadening of cooperation would benefit both countries. (Li Peiyao), Chinese vice minister of labor, was also present at the meeting.

### **Russian-Georgian 'Quarrel' Intensifies**

*OW2702131893 Beijing XINHUA in English 1015 GMT 27 Feb 93*

[Text] Moscow, February 26 (XINHUA)—The quarrel between Russia and Georgia has intensified in the wake of the bombing of Sukhumi, capital of Abkhazia, and the exchange of a number of strong-worded official statements between the two sides.

The Georgian parliament voted to declare on February 25 that the Russian Army could not remain in its territory any more because it had involved itself in the conflict over Abkhazia, an autonomous republic in Georgia seeking independence reportedly with the support of Russia.

The parliament also asked President Eduard Shevardnadze to 'hold talks with his Russian counterpart Boris Yeltsin to discuss the Russian troops' withdrawal.



The bombing of Sukhumi occurred on February 20, when a military plane raided a residential area in Sukhumi, killing one person, wounding eight others and destroying many buildings.

The next day Shevardnadze made a visit to Sukhumi, when he severely criticized the bombing as "aiming to deteriorate Georgian-Russian relations." Then a note of protest was sent to Russia.

In response, Russia's Defense Ministry on February 22 categorically denied any involvement while its Abkhazia counterpart claimed responsibility for the attack.

However, three days later, Russia's Foreign Ministry was out with a statement that the bombing of Sukhumi was a retaliation to the Georgian Army's raids on Russian troops in Esheri. It criticized Georgia for raiding Russian Army camps in Georgia, holding Russian soldiers in custody and seizing arms frequently this year.

It warned Tbilisi that Russia would reserve the right to take necessary measures to protect its military installations as well as to ensure the security of its Russian soldiers and their families in Georgia.

Meanwhile, Russian Defense Minister Pavel Grachev made it clear that the Russian Army would not withdraw since his country had strategic interests along the Black Sea shores in Georgia. He added that during his planned visit to Caucasasia, he would inspect Batumi and Gudauta, the two localities which Georgia insisted must be free of Russian military presence. Grachev's statement added further to the fury of the Georgians.

The Sukhumi incident took place only one day after the two countries signed a joint communique pledging exercise of maximum restraint on both parties to prevent bilateral relations from worsening and further effort towards a political settlement of the Abkhazia issue. It has overshadowed the 4th round of bilateral talks on the question scheduled for March.

In his address to the recent parliament session, President Shevardnadze warned that if Russia kept on doing things like this, Georgia would have to call upon all her citizens to safeguard their national interests with arms.

#### **Commander Denies Ukrainian Contamination Threat**

OW2402050993 Beijing XINHUA in English 0203  
GMT 24 Feb 93

[Text] Kiev, February 23 (XINHUA)—Russian reports that strategic nuclear missiles deployed in the Ukrainian city of Pervomaysk were threatening another Chernobyl were denied here today by a top army commander.

The commander, Nikolay Filatov, was commenting on a report in the "IZVESTYA" newspaper on February 16 which also claimed that the Ukrainian nuclear arms were threatening people living near the sites.

The paper quoted nuclear experts as saying that the arms had serious safety problems after they were put under the control of the Ukrainian Army, with many missile launching systems overworked.

Filatov said, however, that although there were some problems with the launchers in Pervomaysk, all systems had multi-safety and blocking installations.

He said the missiles were under close watch all the time and the problem of how to keep them in high combat readiness while ensuring the safety of residents near the sites was being resolved properly. The Ukraine, the second nuclear power among the former Soviet Union republics, has 175 missile launchers and 1,250 nuclear warheads.

### **Northeast Asia**

#### **Chemical Industry Minister Visits Japan, ROK**

HK2502030193 Beijing CHINA DAILY in English  
25 Feb 93 p 2

[Report by staff reporter Zhang Yu'an: "Three-Way Chemistry"]

[Text] China will cooperate with Japan and South Korea in the chemical and petrochemical industries.

This follows a two-week visit to Japan and South Korea this month by a senior Chinese chemical delegation headed by He Guoqiang, vice-minister of the Chemical Industry.

The Chinese met relevant government departments of the two countries, including the Japan Council for the Promotion of International Trade, the Japan-China Economic Association and the South Korean Ministry of Trade and Industry.

China also signed agreements and contracts which will give a vigorous push to future cooperation between the People's Republic and the two Asian countries.

A Ministry of Chemical Industry officials told CHINA DAILY yesterday that China, Japan and South Korea shared a strong interest in economic and technological cooperation, trade, raising funds for Chinese chemical projects, setting up joint ventures, overseas project contracting, personnel training, joint research, the development of new technology and environmental protection.

In Japan, the China National Chemical Construction Corporation signed a contract with the Asian Glass Company Limited to introduce new technology to produce caustic soda and signed a long-term agreement with Mitsui and Company Limited of Japan.

In South Korea, the delegation, China's first senior chemical group to visit the country since the two countries established diplomatic ties last year, signed a contract with Korean Sunkyoung Limited on exporting Chinese-made soda ash to South Korea. China is one of the largest soda ash producers in the world.

The Chinese also signed a letter-of-intent with South Korea to import ethylene and acrylic materials to China and to set up Sino-Korean joint ventures on the mainland.

The Chinese vice minister of chemical industry and the delegation attended the opening of the Wuzhou Trading Company Limited in Japan and the launching of its representative office in Seoul. Both had been established by the China National Chemical Construction Corporation.

The delegation also briefed the financial, business and political circles of the two countries on the Chinese chemical industry's decision to open itself wider to the outside world.

China announced a batch of projects in which it would seek cooperation from potential overseas investors.

The ministry official predicted a boom in chemical and petrochemical cooperation.

Meanwhile, the Harbin Chemical Group in Northwest China's Heilongjiang Province has signed a contract with the Daewoo Corporation, an American company, to import advanced technology for the production of phenol acetone, a chemical used in the production of dyes and rubber products.

#### **PRC To Send Economic Promotion Team to ROK**

SK2802010793 Seoul YONHAP in English 1103 GMT 27 Feb 93

[Text] Beijing, Feb. 27 (YONHAP)—The Chinese Government has decided to send a large investment promotion team to South Korea late next month to induce Korean industries' participation in the huge Yangtze River basin development scheme.

A Western diplomatic source here in Beijing said Saturday the decision was made at a recent policy meeting attended by Premier Li Peng and key economic ministers including those of the State Planning Commission, Finance Ministry, Foreign Economic Relations and Trade Ministry (FERTM) and Construction Ministry.

The mission, to be headed by the vice FERTM minister, would comprise 40 members including ten senior officials of the FERTM and the State Planning Commission.

The remaining 30 officials would be from provincial and local municipal administrations such as those of the Sichuan Province, Hubei Province, Jiangsu Province, Shanghai, Chongqing, Chengdu, Wuhan and Nanjing.

During its stay in Seoul from March 28 through April 4, the Chinese mission would visit Economic Planning

Board and Finance and Trade-Industry Ministry officials to discuss ways for the two countries to cooperate in the Yangtze River project.

They will also have talks with the heads of major economic organizations and business conglomerates on matters related to Korean industries' participation in the scheme.

An official of the FERTM's foreign investment administration would visit Seoul Sunday to prepare for the team's visit.

"The Yangtze River basin area is the industrial heart of China. Hundreds of billion dollars will be funneled into the full-fledged development of the area," said the source.

The development would be vital to Chinese economy and would also serve as a rare occasion for Korea to invigorate its sagging economy, the source said.

### **Southeast Asia & Pacific**

#### **Thai Foreign Minister Leaves for Official Visit**

OW2702045393 Beijing XINHUA in English 0426 GMT 27 Feb 93

[Text] Bangkok, February 27 (XINHUA)—Thai Foreign Minister Prasong Sunsiri left here for China today on a week-long official visit.

This is Prasong Sunsiri's first official visit to China after he took office in October last year.

Prasong Sunsiri told reporters at the Bangkok airport that one of the two aims of his China visit is to promote the friendly relations between Thailand and China, especially economic cooperation between the two countries.

Thailand wants to develop cooperative relations between northern Thailand and southern China, especially in the field of communication, he said. He added that he will discuss with Chinese leaders the development of the Mekong River, which links Thailand, China, Myanmar [Burma] and Laos.

He said Thailand wants to open up traffic from northern Thailand via Myanmar or Laos to southern China.

The other aim, Prasong Sunsiri said, is to discuss the Cambodia problem with Chinese leaders. He said the situation in Cambodia is not certain, causing worries to everyone.

He said, "We should look for a solution before or after the general election in Cambodia in order to push forward the Cambodian peace process."

### Arrives in Beijing

OW2702114593 Beijing XINHUA in English 1125  
GMT 27 Feb 93

[Text] Beijing, February 27 (XINHUA)—Thai Foreign Minister Prasong Sunsiri arrived here by air this afternoon for a six-day official visit to China at the invitation of Chinese State Councillor and Foreign Minister Qian Qichen.

This is Prasong's first official China visit since he served as foreign minister.

During the visit he is expected to hold talks with Qian on further expansion of bilateral ties and international issues of common concern.

Prasong and his party were greeted at the airport by Chinese Assistant Foreign Minister Tang Jiaxuan and Thai Ambassador to China Montri Chalichan.

### Meets Qian Qichen

OW2802094093 Beijing XINHUA in English 0926  
GMT 28 Feb 93

[Text] Beijing, February 28 (XINHUA)—Chinese State Councillor and Foreign Minister Qian Qichen today exchanged views with visiting Thai Foreign Minister Prasong Sunsiri on bilateral relations and regional and international issues of common concern.

Official sources said that they shared similar views on the discussed issues during the two-hour talks held at the State Guesthouse here this morning.

The two ministers expressed satisfaction with the growth of Sino-Thai ties over the past few years.

Qian said there are broad prospects for bilateral economic and trade cooperation, citing the facts that China is accelerating its reform and opening to the outside world and modernization drive while Thailand is actively carrying out its economic development program.

The expansion of Sino-Thai cooperation will not only be beneficial to the economic growth of both countries, but also significant to regional stability and prosperity, he added.

Prasong Sunsiri said the Thailand-China relations are based on equality and sincerity, reflecting the common aspirations of the two peoples.

He said the present Thai Government attaches great importance to safeguarding and developing the relations between the two countries. No matter what happens in the world or in the respective countries, he said, the friendly ties will not be affected.

Qian said that the changes in the international situation provide the countries in the Asian and Pacific region with opportunities to enhance cooperation and development and raise their people's living standards.

Although there are problems to be solved, he said, the region features political stability and dynamic economies. All countries in the region should seize the opportunity to expand cooperation and speed up development, Qian said.

Noting the constructive role played by the ASEAN countries in safeguarding peace and stability in the region, Qian said that China will continue to reinforce cooperation with these countries in such areas as economy, science, technology and security.

Prasong Sunsiri said over the past few years tremendous changes have taken place in China, adding that the Chinese leaders have shown their extraordinary will and determination for maintaining the country's stability and prosperity. "Facts have proved that the road China is taking is correct," he added.

In an interview with Thai journalists after the talks, Qian touched on the Cambodia issue. He said that it would be a good thing if the Paris agreements are fully implemented. "But there are difficulties," he said, "at least a civil war must be prevented."

"We don't want to see a civil war in Cambodia and we want to see a genuine national reconciliation among all factions who settle their problems in accordance with the Paris agreements."

"We are neither in favor of rejecting any faction nor supporting any faction to fight a civil war," he said.

### Discusses Cambodia With Qian

BK0103121193 Beijing China Radio International in  
Cambodian 1030 GMT 1 Mar 93

[Text] Chinese Foreign Minister Qian Qichen held talks on 28 February with his Thai counterpart, Prasong Sunsiri, who is on a visit to Beijing. The two sides exchanged views on bilateral relations and regional and international issues of mutual interest.

After the talks, Qian Qichen said that they were successful. Concerning regional issues, Qian Qichen said that great changes in the world situation have opened up useful opportunities for all countries in the Asia-Pacific region to increase cooperation and to prosper together. Countries in Asia-Pacific should firmly grasp these opportunities. He praised the constructive role of ASEAN in defending peace and stability in the region. He reiterated that China will continue to provide extensive cooperation with ASEAN.

Foreign Minister Qian Qichen granted an interview with reporters after the talks. When asked about his view on the Cambodian problem, Qian Qichen said the Cambodian issue is facing some problems. If the Paris agreement is comprehensively implemented, it would be very good; however, it seems that there are some difficulties. Therefore, a new internal war should be prevented. He stressed that we do not wish to see a new internal war breaking out in Cambodia; we support the idea that all



parties achieve genuine national reconciliation and solve the problem in accordance with the Paris agreement. He said that we will not agree to any parties being excluded or being given support to start an internal war.

#### **Proposes 4-Way Cooperation Pact**

*BK0103023193 Bangkok BANGKOK POST in English  
1 Mar 93 p 1*

[Text] Beijing—Thailand has offered to host talks on a new sub-regional cooperation arrangement that would link northern Thailand, southern China, Burma and Laos, Foreign Minister Prasong Sunsi said yesterday.

The offer of Bangkok as the venue for what would be the first meeting of the four participants was made during talks yesterday morning between Prasong and Chinese Foreign Minister Qian Qichen.

Shared use of the upper reaches of the Mekong River for navigation and the development of road links would be priority tasks of the new cooperation arrangement, Prasong said.

The foreign minister made the disclosure after almost two hours of talks with Mr Qian.

The two heads of delegations held a separate 40-minute meeting before spearheading a plenary session that drew senior officials of both sides.

Cooperation in the new arrangement was a major preoccupation of the talks and Thailand looks forward to hosting the four-nation meeting "in the near future," said Prasong.

The meeting would take place at a "fairly high level" and engage experts, he noted.

Pressed for a timeframe, he said it would be up to the readiness of the would-be participants but he believed the meeting could take place "in two or three months."

The offer is in line with Thai Government policy to promote cooperation on matters of mutual interest and benefit with neighbours. The new arrangement would benefit trade, transport and tourism.

Discussions between different pairs of countries reportedly have been held at local level for the past two years.

The meeting in Bangkok would be the first of all four countries.

Foreign Minister Prasong today heads south for Yunnan on a trip that is expected to enable on-spot exploration of the new cooperation arrangement.

The talks yesterday also covered bilateral Thai-Chinese relations, Cambodia, and ASEAN.

China did not raise the question of the presence in Thailand 12 days ago of the Tibetan spiritual leader, the Dalai Lama, Foreign Minister Prasong said.

In prepared remarks to yesterday's plenary talks, the minister noted that bilateral relations had been close, of long-standing and founded on the basis of equality.

Mr Qian said the relations had developed smoothly, with no outstanding problems between them.

The Cambodian situation was seen to be "fragile" by both sides, Foreign Minister Prasong said.

Hence the two countries resolved to continue close consultations to ensure that the situation does not deteriorate and that the ultimate outcome serves the interests of regional peace and stability, he said.

Mr Qian, in separate remarks, told reporters that efforts should be made to prevent an outbreak of civil war in Cambodia.

He stressed that China would not support any one side's attempt to bring about such an event.

But China at the same time would not agree to the exclusion of any one side, he said.

Beijing was a main backer of the Khmer Rouge through the war.

The discussions on ASEAN touched on Thailand's-part in the six-nation grouping and China's relations with it, Foreign Minister Prasong said.

China has been a guest at the ASEAN annual meeting for the past two years. Vietnam and Laos in July last year acceded to ASEAN's basic charter—the Treaty of Amity and Cooperation—in what was a first step to membership.

They were immediately given observer status within the grouping.

Yesterday's talks also covered developments in relations with Laos, Vietnam and Burma, he said.

The talks took place at the Diaoyutai government guest house.

Interior Minister Chawalit Yongchaiyut arrived yesterday afternoon for a four-day visit as guest of the association for the promotion of Thai-Chinese culture, an aide said.

Plans call for Gen Chawalit to meet the association chairman.

Tentative plans also envisage courtesy calls on Prime Minister Li Peng and President Yang Shangkun, but these have yet to be confirmed, the aide said.

Gen Chawalit is also due to discuss the purchase of Thai rice by China.

Foreign Minister Prasong said yesterday China had agreed to order 20,000 tons of Thai rice.

### **Meets Yang Shangkun**

OW0103111193 Beijing XINHUA in English 1052  
GMT 1 Mar 93

[Text] Beijing, March 1 (XINHUA)—Chinese President Yang Shangkun said here today that there is no urgent problem to be tackled in the relations between China and Thailand, and there are only links of true friendship and cooperation between them.

He said this at a meeting with visiting Thai Foreign Minister Prasong Sunsiri and his party at the Great Hall of the People here this afternoon.

Yang said over the past few years great progress has been made in Sino-Thai relations. The two countries have enjoyed very good ties in the fields of politics, economy and culture.

He said the exchange of high-level visits and close contacts between the two countries will give impetus to the growth of bilateral relations.

The expansion of Sino-Thai relations is of great significance not only to the promotion of the friendship between the two peoples, but also to peace and stability in Southeast Asia.

Prasong agreed with Yang's appraisal of Thailand-China relations, saying that China is a true friend of Thailand.

China has given help to Thailand when it had difficulties, he said.

He hoped for greater development in bilateral relations, economic ties and trade in particular.

Prasong and his party left here today for southwest China's Yunnan Province.

### **Meets Li Peng**

OW0103111693 Beijing XINHUA in English 1105  
GMT 1 Mar 93

[Text] Beijing, March 1 (XINHUA)—Chinese Premier Li Peng said here today that China welcomes and supports all positive efforts aimed at promoting the Cambodian peace process.

"We welcome and support all positive efforts of Thailand, other members of the Association of Southeast Asian Nations (ASEAN) and other countries concerned aimed at promoting the Cambodian peace process and the implementation of the Paris agreement," Li said during his meeting with visiting Thai Foreign Minister Prasong Sunsiri.

According to official sources, Li reiterated China's principled stand on the Cambodian issue when he discussed the issue with Prasong.

"We hold that all parties concerned should make a joint effort so as to overcome the difficulties in the peace

process," Li said, adding that "we are not in favor of any action that runs counter to the Paris agreement."

Li said that China hopes that Prince Norodom Sihanouk, chairman of the Supreme National Council (SNC), will play the role as its leader. Also, China hopes that all parties in Cambodia will make their respective efforts to realize national reconciliation and construct an independent, peaceful, neutral, united and prosperous Cambodia.

On bilateral relations between China and Thailand, Li said that Sino-Thai relations have always been good and have not been influenced by the changes in both countries and internationally.

Li noted that the Chinese Government has always attached importance to the development of friendly relations and cooperation with Thailand and is willing to maintain cooperation with Thailand on both bilateral and international issues.

Prasong told Li that the new government of Thailand will continue to develop relations with China, saying that the friendship between Thailand and China will never change.

### **Chinese Supervision Delegation Visits Thailand**

OW2602111693 Beijing XINHUA in English 0804  
GMT 26 Feb 93

[Text] Bangkok, February 26 (XINHUA)—The Chinese supervision delegation led by Minister of Supervision Wei Jianxing arrived here today for a week-long official visit to Thailand at the invitation of the Counter Corruption Commission of Thailand (CCC).

During the visit, Wei is scheduled to call on Thai Prime Minister Chuan Likphai, a reliable source said.

CCC Chairman Suk Sanongchart met Wei and his delegation here this afternoon to exchange views on supervision work of the two countries.

### **Civil Affairs Minister Arrives in Burma**

OW2602134893 Beijing XINHUA in English 1335  
GMT 26 Feb 93

[Text] Yangon [Rangoon], February 26 (XINHUA)—A Chinese civil affairs delegation led by Cui Naifu, minister for civil affairs, arrived here this evening.

The delegation was welcomed at the airport by Minister Thaug Myint and Chinese Ambassador to Myanmar [Burma] Liang Feng.

During their six-day stay in the country, the Chinese guests will study Myanmar's social welfare and social security work and visit the capital of Yangon, Mandalay, Bagan and Taunggyi cities.

**Meets Burmese Counterpart**

OW2702132393 Beijing XINHUA in English 1102  
GMT 27 Feb 93

[Text] Yangon [Rangoon], February 27 (XINHUA)—Visiting Chinese Minister of Civil Affairs Cui Naifu today met Myanmar [Burma] Minister for Social Welfare, Relief and Resettlement Thaung Myint.

During the meeting, the two ministers briefed each other on the conditions of social welfare, disaster relief and resettlement in their respective countries.

They held that the visit of the Chinese delegation will promote the friendly relations between the two countries and hoped to increase the exchanges of visit in the future.

While recalling his visit to China last October, Thaung Myint said that he witnessed China's great changes and its social welfare work did very well.

The Chinese minister also met representatives of Overseas Chinese at the Chinese Embassy here this afternoon.

**Border Inspection Delegation Arrives in Burma**

OW2802193693 Beijing XINHUA in English 1538  
GMT 28 Feb 93

[Text] Yangon [Rangoon], February 28 (XINHUA)—A Chinese delegation on the Joint Boundary Inspection Committee arrived here today to attend the second meeting of the Sino-Myanmar [Burma] Joint Boundary Inspection Committee.

The meeting is scheduled to be held in the capital of Yangon from March 1 to 4.

Between February 22 to 26, a group of Chinese survey experts attended the Sino-Myanmar survey experts' meeting here.

**Court Delegation Leaves for Vietnam**

OW2802090393 Beijing XINHUA in English 0713  
GMT 28 Feb 93

[Text] Nanning, February 28 (XINHUA)—A Chinese court delegation led by Xie Anshan, vice-president of the Supreme People's Court, left here by air this afternoon for a 10-day goodwill visit to Vietnam.

This is the first visit to Vietnam by a Chinese court delegation.

## Political & Social

### Shanghai Democratic Activists Released From Jail

HK2702081393 Hong Kong MING PAO in Chinese  
27 Feb 93 p 6

[By staff reporter Lin Tsui-fen: "Democratic Activists and Publishers Fu Shenqi and Zhang Rujun Have at Last Been Released From Prison"]

[Text] Fu Shenqi and Zhang Rujun, two Shanghai democratic activists who had been jailed for more than 21 months for running democratic publications, were at long last released from prison yesterday. Fu Shenqi hopes China will rescind the charge of "counterrevolutionary offense" from the law and soon formulate a publication law.

Fu Shenqi and Zhang Rujun were both arrested 23 May 1991 on a charge of running FUXING [RENAISSANCE], an underground democratic journal. They were detained, untried, until late last March when they were prosecuted by the Shanghai Intermediate People's Court for counterrevolutionary propaganda and inflammatory delusion. A hearing was held but no judgment was made.

An informed source told this reporter that, in the end, the Shanghai Intermediate People's Court passed judgment on Fu Shenqi and Zhang Rujun's case yesterday morning. Both Fu Shenqi and Zhang Rujun were released by the court immediately after the trial, with the former sentenced to be deprived of political rights for two years and the latter for one year.

Fu Shenqi is now 39 years old. He participated in the Democratic Wall Movement in the late seventies and was the editor-in-chief of MINZHU ZHI SHENG [VOICE OF DEMOCRACY], ZEREN [RESPONSIBILITY], and other democratic publications. Because of these activities, he was in jail for five and a half years. After his release in July 1986, he became the owner of a small private book stall. He was thrown into jail again after the 4 June incident on a charge of running underground democratic publications.

During his detention, Fu's parents, both in their late seventies, prayed for him every day and his wife Li Liping, enduring all hardships, repeatedly wrote to the authorities petitioning for an early release of her husband. Their child is now four years old. When asked about his father, Fu's wife just told their son that his father "had gone to Putuo Shan on a pilgrimage." The innocent child also often prayed for his father's early return.

The family was reunited yesterday upon Fu Shenqi's release. His old parents, wife, and son were all very excited. Li Liping told her friends that she was so delighted as if a dream had come true. Fu Shenqi has stomach trouble but he still looks fit both physically and

psychologically. He told his friends that since his family had suffered from his detention, he hoped he could raise some capital to do some business later.

China is now making progress in reform and opening up, Fu Shenqi said. He hopes the Chinese society improves constantly and he believes the country is bound to succeed in this effort. Fu Shenqi has always maintained that the charge of counterrevolutionary offense should be rescinded from the law and he has been calling on the authorities to formulate a "publication law" as soon as possible, in the belief that a sound publication law will help stop the circulation of "underground" democratic publications.

Yang Zhou, also a democratic activist in Shanghai, said he was happy to hear about the release of Fu Shenqi and Zhang Rujun.

### Dissident Qi Dafeng Appeals Guilty Verdict

HK0103092293 Hong Kong THE STANDARD in English 1 Mar 93 p 10

[By S.L. Law]

[Text] Qi Dafeng, the Chinese dissident who was arrested with student leader Shen Tong in September, has lodged an appeal against a verdict which sent him to two years of labour reform in Anhui without being tried.

Chinese authorities said the 29-year-old Qinghua University graduate had gone on a hunger strike to protest against being denied the right of appeal.

Authorities at Xuancheng labour camp in Anhui province had force fed Qi on the fourth day of his strike.

Sources said Qi was in very poor health after hunger striking and being force fed.

Qi had sent an appeal to the Beijing reform-through-labour authorities which passed down the verdict.

He had written a letter protesting against the Beijing Public Security Bureau which sent him to the labour camp on 25 December last year before giving him a copy of his verdict.

"Both the appeal and the protest letters were dated 31 December, 1992, one day after the verdict reached Qi in Xuancheng labour camp," a source said.

Qi could not appeal earlier because he had been sent to Xuancheng without knowing that a two-year verdict had already been passed on him.

He had demanded that he be sent back to Beijing to await a decision on his appeal.

He had also sought permission to hire lawyers to sue the Beijing Public Security Bureau, accusing it of deliberately depriving him his right of appeal.



Qi was arrested just hours before Shen Tong was to announce the establishment of the China Democracy Foundation.

She was freed in October.

### 'Extremely Weak' From Strike

OW2802104893 Tokyo KYODO in English 1006 GMT  
28 Feb 93

[Text] Beijing, Feb. 28 KYODO—Detained student dissident Qi Dafeng is reported to be "extremely weak" after going on hunger strike to protest alleged judicial malpractice regarding a two-year sentence of education through labor.

Reliable sources said Sunday [28 February] that Qi was sentenced on December 25 by the Labor Education Committee of Beijing Municipal People's Government and transferred immediately to a reform through labor facility in Xuancheng, a city in Anhui Province, central China.

Under China's reform through labor system, there are provisions for an administrative punishment known as "laojiao" wherein a person can be sentenced to a period of "educative" labor without facing trial.

Qi, a 29-year-old former Qinghua University student, was originally detained on September 2 together with fellow activist Qian Liyun and student leader Shen Tong who had recently returned from exile. Shen was deported back to the United States seven weeks later.

Upon his return to Boston where he runs the Democracy for China Fund, Shen said he agreed to leave China only after Chinese authorities pledged to release Qian and Qi who had already served a 20-month sentence for his role in the 1989 democracy movement. Qian was released on bail last November.

Qi, however, remained in detention and the Labor Education Committee's verdict statement accused him of conducting "antigovernment" activities with Shen in Beijing and Tianjin, the sources said.

Shen maintains that he was attempting to legally register his human rights organization in China at the time of his detention.

Qi started refusing food and water on December 31, one day after the verdict decision reached him, the sources said.

He argued that the verdict should have been made immediately available to him in Beijing and that the delay had impinged upon his legitimate right of appeal.

Relevant Chinese authorities were unavailable for comment because Sunday is a rest day.

Four days into the hunger strike, staff began to force feed Qi to stop his health from deteriorating, the sources said, adding that he is still "extremely weak."

Qi outlined his grievances in a two-page protest letter to the Labor Education Committee in which he asked to be taken back to Beijing pending an appeal. Dated December 31, the letter also demanded he be allowed to hire a lawyer to sue the relevant authorities for their actions.

### Wang Dan Sees No Improvement in Human Rights

HK2702060793 Hong Kong SOUTH CHINA  
MORNING POST in English 27 Feb 93 p 13

[Report on interview with dissident student leader Wang Dan by Daphne Nixon in Beijing; date not given: "Dissident Wang Uses His New-Found Freedom To Criticise"]

[Text] After nearly four years in prison, student leader Wang Dan sees his country facing many of the same political issues which led to turmoil in the spring of 1989. Although Wang favours current economic reforms, he believes the system is still wide open to corruption. "The corruption and other abnormal circumstances which are accompanying the economic reform make the competition unfair. I believe the Government is handling the economic reform improperly. Political and economic reform should be on par with one another, otherwise the positive results of economic reform cannot be maintained," said Wang.

Wang, who topped the Government's most wanted list in 1989, was freed one week ago, four months shy of completing his four-year sentence. He believes it is possible his release was part of the Government's campaign to improve its image internationally as China seeks to host the 2000 Olympics. He maintains that many people are being left behind in the current wave of economic reform. "My parents' situation is typical of intellectuals in China," said Wang, pointing to the humble surroundings of his family apartment. "Living conditions are poor and salaries are low for his group. I have friends who have been working for one or two years and already make much more money than my parents."

Although the Government has released several major dissidents over the last two weeks, Wang believes many other political prisoners are still incarcerated. "I admit that I've only been out for a short time, but I don't believe the human rights situation in China has improved since 1989. In fact, in some ways the situation has digressed," he said. "Freedom of the press is a clear example. Political liberalism and freedom of speech are also severely restricted."

When it comes to human rights, Wang believes the answer lies with the Chinese Constitution. "Chinese people are guaranteed certain rights and freedoms by our constitution. Unfortunately, the terms of the constitution are not upheld. These terms must be protected." He believes the authorities should establish a body, separate and independent from the Communist Party, which would observe the proper implementation of the constitution and protect human rights. Wang is optimistic that there will eventually be progress in both political reform

and human rights. "The Government may or may not take the initiative, but remember there is a historical trend which can't be stopped by anybody," he said.

During the period following the brutal military crackdown on student demonstrators in June 1989, many of the more prominent student leaders fled China. At that point, Wang made a conscious decision not to leave. "I wanted to see what was going to happen. The situation seemed very uncertain. From June 4 until the time I was arrested, I hid in the homes of friends. I never had any plan to flee.

"I don't know why, but I didn't feel scared. I did feel two things very strongly. One was hate and anger towards the Government for what they had done. At the same time, I was deeply saddened by the student deaths." Wang is not critical of those who made a decision to leave China. "People should have the right to make their own choices and these decisions should not be criticised. Many of the people who left China still contribute to the democratic movement."

Wang still has no plans to leave China. He has written to Beijing University, the public security bureau and the labour reform bureau asking that he be allowed to finish his history studies at Beijing University. At the time of his arrest Wang had only completed his first year. If given the choice, he would like to do a comparative study of the Hundred Flowers Period and the events that led to the Spring of 1989. The chances that the authorities will allow Wang Dan to return to Beijing University are slim. If that fails, he will try to get a job. Meanwhile, he is beginning to write the book he contemplated in prison. The title—"Seeking Freedom."

#### **Report on Deng Renewing Attack on 'Leftism'**

*HK0103094393 Hong Kong AFP in English 0932 GMT  
1 Mar 93*

[Text] Beijing, March 1 (AFP)—Chinese leader Deng Xiaoping has ruled out an orthodox Marxist as his successor and has called on the Communist Party not to think of itself as a "supernatural being," it was reported Monday [1 March].

In a recent speech on the question of his succession, the 88-year-old veteran leader renewed an attack on "leftism"—or remnant Maoism—within the Communist Party, the official INFORMATION EXPRESS newspaper said.

"Is it revolutionary or good politics to all day long use Marxist and Leninist principles and expressions to criticize other people, dig up people's 'shortcomings' and 'mistakes'?" Deng asked.

"It must be made clear that some comrades' 'shortcomings' and 'mistakes' are in fact strong points and correct and that it's our left-leaning policy which is mistaken," he said.

Leftism, he added, was a "dangerous" tendency responsible for the party's mistakes and had to be removed.

The criteria for choosing successors—revolutionary spirit, youth, knowledge, professionalism—were all equally important.

"We should not evade mistakes and errors that appear while implementing policy, but should have the courage to recognize and correct them and do our work even better," Deng said.

"The Communist Party is not a supernatural being, nor a savior," he added. "Everyone makes mistakes."

His comments contrasted with the government's stance after the 1989 Tiananmen Square crackdown on student demonstrators, when socialism and the party were touted as the only thing that could save China.

Contacted by telephone, the Jinan-based INFORMATION EXPRESS declined to comment on when or where Deng made his remarks, but said its information came from "official channels."

A new government, parliament and state leadership will be named this month and is expected to take over after Deng's death.

#### **Central Leaders Promote Deng's Shanghai Remarks**

*HK2702063693 Hong Kong WEN WEI PO in Chinese  
27 Feb 93 p 2*

[By staff reporter Chen Chien-ping (7115 1696 1627): "Central Authorities Set Store by Deng Xiaoping's Shanghai Remarks; Arrangements Are Being Made in This Regard"]

[Text] Beijing, 26 Feb (WEN WEI PO)—According to an authoritative source here, the CPC central authorities recently stressed that it is necessary to set great store by the important remarks Deng Xiaoping made in Shanghai during the Spring Festival this year and to provide appropriate guidance to give full play to and maintain the public's initiative in accordance with the spirit of the remarks.

The source said that, as interpreted by the central authorities, Deng Xiaoping's important remarks made during his stay in Shanghai during the last Spring Festival carry the following implications: First, the collective leadership under the CPC central authorities with Jiang Zemin as the core, which has done a good job, is trustworthy; second, China must not miss the current rare opportunity for great development; third, it is necessary to pay attention to maintaining steady and moderate development and to avoid losses, particularly large losses; we must not be nervous about some minor faults but it is mandatory for us to correct them after reviewing experience; and fourth, Shanghai's working class has always been the pioneer of the Chinese working

class. It is reported that the central departments concerned are now taking measures to ensure that Deng Xiaoping's Spring Festival remarks are comprehensively understood by people throughout the country.

### Article Views Deng Xiaoping's Family Life

OW2802113593 Beijing BEIJING REVIEW in English  
No 7, 15-21 Feb 93 p 25

[Article by Zhou Mo from ZHOU MO magazine, issue No. 48, 1992: "Deng Xiaoping's Family Life"]

[Text] Deng Xiaoping, a man of wide interest, has a contented family. He prefers the whole family to live and eat together, with no interference in individual privacy. In his own words, this constitutes "grand centralism and personal democracy." The 18 members in Deng's family include two sons, three daughters, plus daughters- and sons-in-law as well as grandchildren and other relatives. Spending on meals is managed by staff from the wages of Deng and his wife Zhuo Lin. Regular accounts of spending on food are released at the end of each month. On occasions figures are in the red, his children make up the deficit. When there is a surplus, the whole family will throw a party.

Deng enjoys excitement and especially likes children. He often organizes family participation in social activities and on annual arbor days. Since his offspring have their own work, it is hard to bring them together. Deng, therefore, invariably takes his grandchildren to plant trees. Not perturbed by their disobedience or tendency to just play, he advises them not to be naughty. He says that the sight of the innocence and energy of children often provides an adult with a sense of internal composure.

Following a regular regime, Deng has no extravagant gourmet's desires, but he is a heavy smoker, with Panda cigarettes his favorite brand. He is also a strong drinker. In consideration of his age, doctors put severe curbs on his smoking and alcohol consumption.

Although elderly, Deng relishes intellectual games of bridge. He sometimes plays mahjong, although he is not as keen on it as bridge. He is an old fan of swimming, walking, climbing and golf, which keep him in very good health and provide him with high spirits for his inspections and excursions. Deng is said to be accompanied by qigong masters who guide his breathing when he goes outside. Actually, he has no interest in this particular discipline and has never done such exercises.

As a crucial way to learn of current events and trends in China and abroad, Deng reads numerous newspapers and magazines at home, including documents from the Central Committee of the Communist Party of China and materials from ministries and commissions under the State Council. Deng's eldest son Deng Pufang, the chairman of the China Disabled Persons' Federation, possesses keen insight. Deng Zhifang, the second son, works in the China International Trust and Investment

Corp. (CITIC) from which he seeks professional self-development. The eldest daughter Deng Lin is a painter, who makes friends widely and has an easy manner. Deng Nan, the second daughter, is deputy director of the State Science and Technology Commission. The youngest daughter Deng Rong often stays beside her father. Returning home, Deng's offspring talk about what they have seen during the day and express their opinions. Deng, usually listens quietly and sometimes grins, but never intrudes with his own opinion.

Deng treats his children strictly. Their trips abroad must be approved by him and their income and sponsored capital must be handed to the state. Deng Lin exhibited her paintings at high prices in Hong Kong in order to finance an exhibition in China. She left not a cent for herself. Deng Pufang donates money abroad for the disabled federation and all money goes toward careers for the handicapped. All the sons- and daughters-in-law of Deng come from ordinary families with no political affiliations.

### 'Power Struggle' Before NPC Session Reported

HK0103012093 Hong Kong CHENG MING in Chinese  
No 3, 1 Mar 93 pp 6-8

["Notes on a Northern Journey" by staff reporter Luo Ping (5012 0393): "The Battle Over Personnel Arrangements on the Eve of the People's Congress"]

[Text] What the CPC notables are very much concerned about is not the National People's Congress [NPC] session itself but the personnel arrangements that are to be decided before the NPC session, including the nomination of the chairman and vice chairmen of the NPC Standing Committee, the state president and vice president, premier and vice premiers of the State Council, state councillors, ministers, chairman of the Central Military Commission, and so on. As usual, their "routine business" is to fight a battle over personnel arrangements with a view to safeguarding and increasing their own and their political partners' interests.

There is a very curious contrast: While the public is indifferent to the news that the Eighth NPC is going to be held very soon, the notables at the higher and top leadership levels of the CPC have long been thinking a great deal about the Eighth NPC.

What does this phenomenon imply?

Among the public, this serves as a sign of crisis in trust. In Zhongnanhai, the NPC is regarded as a rubber stamp and the NPC meeting as routine business; but what the CPC notables are very much concerned about is not the NPC session itself but the personnel arrangements to be decided before the NPC session, including the nomination of the chairman and vice chairmen of the NPC Standing Committee, the state president and vice president, premier and vice premiers of the State Council, state councillors, ministers, chairman of the Central Military Commission, and so on. As usual, their "routine



business" is to fight a battle over personnel arrangements with a view to safeguarding and increasing their own and their political partners' interests.

#### **Qiao Shi Hints That Some People Within the Party Are Acting in Defiance of Common Practice**

The First Session of the Eighth NPC scheduled for 15 March is an arrangement that was agreed upon during a Political Bureau meeting held on 1 February. Qiao Shi announced this at a meeting of party and government leading officials from all the central ministries, commissions, and offices and all the provinces, municipalities directly under the central government, and autonomous regions held by the central authorities 2-3 February.

At that meeting, Qiao Shi also revealed that the preparations for the Eighth NPC had been completed. He then hinted that the battle for high-ranking positions was not yet over. "We still have varying opinions on the personnel arrangements concerning the government, ministries, and commissions, and we have seen some attempts within the party in defiance of common practice," he said.

Acting in defiance of common practice means doing something in violation of party discipline and common procedures.

An informed source has told this reporter that the battle over personnel arrangement began long ago. Since early last December, almost all the CPC senior leaders have joined the battle, busily "nominating candidates," expressing their "opinions," and giving "instructions."

#### **Chen Yun Has Repeated Time and Time Again That the Jiang Zemin-Li Peng Setup Must Not Be Changed**

Without hesitation, Chen Yun took the lead in starting the power struggle. In Shanghai in early December, he made a remark about a central work report on the formation of new local party and government organizations: Both the Political Bureau and the State Council have done a very good job, which indicates that Comrades Jiang Zemin and Li Peng, who are our successors to take charge of the party's and the people's cause, are both very competent, and that they enjoy strong support from the people both within and without the party. They have shown deeper insight and have done a better job than our generation; they have set store by the spirit of science; and they have paid attention to reality. In highlighting Jiang Zemin's and Li Peng's political position by speaking highly of them and assuming a humble posture, Chen Yun was actually conveying a message: The Jiang Zemin-Li Peng setup must not be changed. As he sees it, the setup is favorable to his faction's conservative line.

In early January, Chen Yun made another move. He forwarded three suggestions on the nomination of candidates for state president, State Council premier, NPC chairman, and Chinese People's Political Consultative Conference [CPPCC] National Committee chairman. His suggestions are: 1) all these vacancies, except the

post of CPPCC National Committee chairman, should be filled by members of the Political Bureau Standing Committee; 2) as the existing leading body of the State Council is quite competent, personnel readjustment should be confined to only a few positions; and 3) perhaps those comrades who have withdrawn from the Political Bureau Standing Committee should be assigned to positions in the government, the NPC, or the CPPCC National Committee, as such arrangements would be conducive to the operation of these organizations.

The consideration behind the third suggestion is very clear—Chen Yun wants to see his capable aides Yao Yilin and Song Ping appointed to new positions.

#### **Representatives From All Factions Have Attended Political Bureau Meetings at "Special Invitation"**

What is particularly noteworthy is that, following the reelection of the Political Bureau during the First Plenary Session of the 14th CPC Central Committee, Song Ping and Yao Yilin have attended almost every meeting of the Political Bureau as nonvoting participants, the former in the capacity of executive vice premier of the State Council and the latter at "special invitation." Meanwhile, Bo Yibo and Yang Dezhi have also been present at those meetings at special invitation. Since January, NPC Standing Committee Chairman Wan Li and President Yang Shangkun have also been invited to attend Political Bureau meetings as special advisers to the Political Bureau.

With Chen Yun, a super senior leader and the captain of the Chen faction, taking the lead, all other factions have rushed to "declare their stand" on the personnel affair.

#### **Song Renqiong Tried To Frighten Others by Warning That "a Yeltsin Is Hiding Within the CPC"**

Song Renqiong, who has been "convalescing" in the hospital, has continually been closely following the redistribution of power at the higher leadership levels. After the middle of December 1992, he repeatedly spoke to members of the Political Bureau Standing Committee on different occasions: "I would attend your meetings if I could move. The heads of both the party and government leading bodies currently have a strong party spirit and good ability. They will be able to withstand the test at the critical moment. I wholeheartedly support the nomination of Jiang Zemin as state president concurrently and the reappointment of Li Peng as premier of the State Council. Who dares to replace them?"

He certainly was speaking in a threatening manner. In an attempt to isolate and attack members of the reform faction at the higher leadership levels, Song Renqiong also frightened several members by warning that a Yeltsin is hiding within the CPC. He spoke to Bo Yibo and Yang Dezhi, who visited him in the hospital: History will show whether there are figures like Gorbachev and Yeltsin within the CPC. I myself would not rule this out.

In fact, Song Renqiong has been echoing Chen Yun. Chen has phrased it a little ambiguously, while Song has added very specific words to explicitly make the point. They not only want to retain the existing Jiang Zemin-Li Peng setup, but want to make a further move to instate Jiang as state president. As Jiang is also chairman of the Central Military Commission, by this arrangement the Chen faction will be able to seize power over the party, the government, and the Army through the Jiang Zemin-Li Peng combination. Of course, Jiang Zemin's role has still not been "finalized," but he has great "potential" for becoming a partner. Perhaps the Chen faction is very confident that Jiang will fully side with it rather than continue to take a position "left of center."

#### **Chen Yun's Followers Launch a "Campaign" for Supporting Li Peng**

A senior cadre with ties to Zhongnanhai told me that Chen Yun's faction was afraid that some people at the top level would drive Li Peng out of power, so they launched a "campaign" to support Li Peng. Chen Yun and Song Renqiong took the lead, and other people followed them in an effort to keep Li Peng in power and to ensure that he would continue to be a member of the Political Bureau Standing Committee and the premier of the State Council. One of their methods was to jointly sign a proposal nominating candidates for major posts. They even openly expressed support for one individual and opposed another. This cadre pointed out in particular that there was also a "support Li Peng movement" inside the State Council, and more than 30 senior cadres in various ministries, commissions, and offices jointly wrote a letter to the CPC Central Political Bureau praising Li Peng for his outstanding performance in leading the State Council. Similar events also occurred inside the NPC Standing Committee, and more than 30 NPC Standing Committee members wrote a letter to the Central Political Bureau, saying: "We completely support the central decision to keep Comrade Li Peng in the premiership of the State Council." Some people then said: "It was so strange. The central decision had not been announced. Why did they forestall the consideration of other people by expressing their attitude outside the Political Bureau?" The letter also said that "some leaders did not work in a down-to-earth manner and often indulged in idle boasting [fang kong pao 2397 4500 3517]." Who did they refer to? They certainly did not refer to the people in Chen Yun's faction.

Although he stayed in south China, his mind remained in Beijing's Zhongnanhai and remained concerned about the power struggle in Zhongnanhai. Wang Zhen also echoed Chen Yun's tune and expressed himself more clearly and concretely. Chen Yun only hinted that he wanted Song Ping and Yao Yilin to make certain arrangements, but Wang Zhen made it clear that he should be succeeded by Song or Yao as PRC vice president.

#### **It Seems That Deng's Faction Does Not Match the Momentum of Its Rival**

Wang Zhen voiced his opinion on the personnel arrangements for the Eighth NPC in early February. He said: "Jiang Zemin can succeed Yang Shangkun to be PRC president, and I can be succeeded by either Song Ping or Yao Yilin. They are competent, have rich experience and strong work ability, and can adhere to the principles. This is an important point. Li Peng remains the most suitable person for the premiership. In these years, the great changes and achievements should still be attributed to the correct leadership of Jiang Zemin and Li Peng."

It is evident; the conservatives did not want to give up the office of PRC vice president.

As compared with the conservatives' large-scale campaign to seize power, the momentum of Deng Xiaoping's faction seemed rather weak. However, Deng knows how to gain mastery by striking only after the rivals have struck.

In mid-January, at a Political Bureau meeting, Wan Li proposed: "Local leaders and well-known individuals outside this party can be appointed to be state councilors on the State Council, vice chairmen of the NPC Standing Committee, and vice chairman of the CPPCC National Committee." He nominated four local leaders, Xie Fei, Wu Bangguo, Jiang Chunyun, and Xiao Yang, who were all comparatively open-minded.

#### **Intervention of Military Officers in Party and Government Personnel Appointments, Which Is a Rarely Seen Event**

Another high tide of the power struggle was the proposal that was jointly signed by some generals in the military.

In early January, old generals such as Hong Xuezhi, Qin Jiwei, Xiao Ke, Wang Ping, and Wang Enmao wrote a letter to Deng Xiaoping and Jiang Zemin, proposing a name list. They proposed that Liu Huaqing be appointed PRC vice chairman; Zhang Zhen and Chi Haotian be appointed vice premier and state councillor; and Zhang Wannian, Liao Hansheng, and Ding Henggao be appointed NPC Standing Committee vice chairmen.

Then, some leaders from the headquarters of the three services and the Shenyang, Lanzhou, Jinan, and Beijing Military Regions wrote a letter to the CPC Central Committee, calling for increasing the military nominees for the positions of vice presidents of the state, vice premiers of the State Council, and vice chairmen of the NPC Standing Committee.

The possibility that these actions were organized by certain planners behind the scenes cannot be ruled out. A senior military officer has said that the "intervention" of the military in party and government personnel affairs has rarely been seen in the past.

### **Deng Xiaoping Passed a Message to the Military Through Yang Dezhi**

These events caused certain shocks to Zhongnanhai. After reading the letters, Deng Xiaoping asked Yang Dezhi to convey his opinion to others: "This is not a good precedent. We should follow what was discussed and decided by the Central Committee. This point should be noted."

Most generals lean toward Deng Xiaoping or are Deng's followers, however, and the people they nominated are also reform-minded. Did some senior officers want to prevent such "careerists" as Yang Baibing from controlling the Army through raising the political status of the military officers? Some people among them may hope to give the Army a say in political affairs by adopting a point of view from the West. However, this is China and not the West. The CPC needs to adhere to the principle of "the party commanding the gun." Of course, some people may also intend to raise their own status in the party, the government, and the Army through such political activities. This possibility cannot be ruled out.

### **Deng Xiaoping: "Old Comrades Should Not Engage in Transgressions"**

To cool down the struggle for power redistribution or, in essence, to check the conservatives' campaign to seize power, Deng Xiaoping issued an instruction through Bo Yibo and Yang Shangkun.

On 11 February, at an informal opinion-exchanging meeting of some old people in the Diaoyutai National Guest House, Bo Yibo said: Old comrades attending this meeting should properly perform their duties and fulfill their final tasks in line with the arrangements made by the Central Committee, ensuring that the Eighth NPC session can be held according to the established principles and plans. They must not engage in transgressions. Comrade Xiaoping extends his regards to all of you. He also hopes that each of our old comrades will behave like Deng Yingchao and Nie Rongzhen and will make contributions to the party's cause until the last moment of your lives. No matter what great contributions you have made in the past, all old comrades must be conscious of obeying the party's leadership and arrangements and must place party spirit in the foremost position. You must prevent your words and deeds from affecting or harming the party's central work, the in-depth development of reform and opening, and the personnel changes and constitutional revisions to be made by the Eighth NPC.

### **Deng Gave a Warning Prior to the Decisive Step**

At the same time, Yang Dezhi also gave a speech at a meeting with some old generals at the Jingxi Hotel: "Comrade Xiaoping told me to convey a message, and he hopes that all the old comrades-in-arms and old party members attending today's meeting will carry forward the strong party spirit and the strong sense of discipline you exhibited during the war years and will never do

anything incommensurate with your status or place yourselves above the party organization. We should always safeguard the Central Committee's authority and should not gossip or express irresponsible opinions about the decisions made by the Central Committee. Still less should any one of us get involved in small coteries and create internal strife. You may tell me if you have any opinions on this matter."

The messages conveyed by Bo Yibo and Yang Dezhi paved the way for the decisive step in the personnel arrangements.

This step was taken at the Political Bureau meeting on the evening of 11 February, at which internal elections of the state president, State Council premier, and NPC Standing Committee chairman were held. Because Deng Xiaoping issued an instruction beforehand, the meeting proceeded rather smoothly.

Seventeen of the 19 Political Bureau members attended the meeting, with two members absent due to official duties; 15 of them agreed to appoint Jiang Zemin state president, with two abstentions.

Twelve people agreed to appoint Li Peng, and five people agreed to appoint Zhu Rongji premier of the State Council. Sixteen people agreed to appoint Qiao Shi chairman of the NPC Standing Committee, with one abstention.

### **Li Peng's Prestige Cannot Compare to That of Jiang Zemin and Qiao Shi**

More than 20 people were invited to attend this Political Bureau meeting, including Wan Li, Bo Yibo, Yang Dezhi, Zhang Zhen, Wen Jiabao, Wang Hanbin, Ren Jianxin, Wang Ruilin, Yang Dezhong, and Hou Zongbin.

Zhu Rongji won five votes. Although he could not be elected premier, this fact showed that, first, the reformists in the Political Bureau did not all "obey the central instruction;" second, Li Peng's prestige was not as high as that of Jiang Zemin, who was accepted by both the Deng and Chen factions and that of Qiao Shi, whose reform inclination is obvious; third, the Jiang-Li structure would remain; and, fourth, the appointments to the three top posts were the result of the two factions' compromise, (otherwise, Li Peng might not have been able to remain in power).

### **Deng Xiaoping Instructs People Not To Further Delay the Decision**

It was said that, originally, the number of vice premiers would be increased to six, with two executive vice premiers; the number of state councillors would be increased to 15; and the number of NPC Standing Committee vice chairmen would also be increased to 15, with five executive vice chairmen and five or six seats left for people outside the CPC. There were different opinions inside the party, however, holding that the size of the leading bodies would become too large. No final decision had been made by mid-February. It was widely



rumored in Beijing's political circles, however, that Deng Xiaoping has required that the issue be put to the vote in the Political Bureau in accordance with the principle of the minority obeying the majority, and Deng said that the decision should not be further delayed.

Because the top state leaders are decided by the higher levels of the CPC leadership and there exist major factional contradictions within the party, the power redistribution inevitably led to disagreements. The personnel appointment battle on the eve of the Eighth NPC session showed that the contradiction between Deng and Chen was not mitigated after the 14th party congress. The power struggle continued and became more and more fierce. Although each round of internal strife was cooled down through compromise, things still followed the cycle of struggle-compromise-further struggle.

#### **Advisory Body To Appoint Some 'Leftist Leaders'**

HK0103034293 Hong Kong *THE STANDARD* in English 1 Mar 93 p 10

[By S.L. Law]

[Text] The Standing Committee of the Eighth Chinese People's Political Consultative Conference (CPPCC) will become a new battleground for China's liberal and leftist leaders. According to Chinese sources, several leftist leaders will be appointed standing committee members of the united front works organization. The leftist leaders will include former director of *PEOPLE'S DAILY* [RENMIN RIBAO] Gao Di, former vice-director of State Education Commission He Dongchang, former acting culture minister He Jingzhi and former State Council spokesman Yuan Mu, who have been named the party's members to the CPPCC.

The CPPCC will be in the first session of its new term on 14 March. The leftists' presence would give the CPPCC Standing Committee an interesting combination, because liberal Politburo Standing Committee member Li Ruihuan has been tipped to become the conference's new chairman. Along with Li, the liberal former governor of Guangdong, Ye Xuanping, would stay on as CPPCC's first vice-chairman. The newly appointed head of the party's United Front Works Department, Wang Zhaoguo, a liberal, would also become a CPPCC vice-chairman. Chinese sources said another leftist leader, Xu Weicheng would get a post in CPPCC as its secretary-general.

Analysts in Beijing said that with the substantial presence of leftists in the leadership of the new CPPCC, its future chairman Li Ruihuan would have a difficult time ahead. It had been speculated the leftist leaders would be inducted to the Standing Committee of the National People's Congress (NPC) following the party central's decision to give them new posts to avoid the impression they were sacked for their leftism. "China's top leaders might worry that these leftist leaders would fail in the competitive elections to be held in the NPC full session

to elect Standing Committee members, thus giving the overseas media a good opportunity to bash China," an analyst said.

On the party of the NPC Standing Committee, the new legislature membership list showed many of the outspoken Seventh NPC Standing Committee members were not given a new term.

#### **Corruption, Crime 'Pose Danger' to Stability**

HK2802063093 Beijing *CHINA DAILY* in English 27 Feb 93 p 4

[Unattributed report: "Corruption, Crime Pose Danger to Social Stability"]

[Text] The new round of reforms and opening policies this year will not disturb China's general social stability, though these policies are expected to bring about more thorough changes in the country's social structure, according to a report from the Chinese Academy of Social Sciences (CASS).

However, the possibility of some regional or small-scale social unrests [as published] does exist, the report warned.

If that really happens, according to the report, it is most probably a result of corruption and the abuse of power by government officials.

Unrests may also break out when the interests of a certain group of people are seriously hurt or threatened, for example when workers' incomes decrease due to the close-down of enterprises, according to the report, which is based on a joint investigation of several institutes under the CASS.

With comprehensive studies of the characteristics and trends of the social development in 1992, the report gives an overall prediction about the social situation in 1993.

The report believes that the economic restructuring and development, social transformation, and readjustment of social interests are the main factors affecting the situation in 1993.

If the central government can manage to harmonize the relations between these factors, the following social developments are expected:

—The national economy will continue to develop at a high speed.

The high economic growth rate (of 12 percent) in 1992 has aroused many people's concerns. However, the government has taken many measures to tighten the money supply since late last year. It is expected that the economic growth rate of 1993 will be a bit lower than that of 1992, and a new round of "boom-and-bust" will be avoided.



—An unbalanced configuration of regional development will form and be solidified.

The economically developed provinces and cities along the coastline of the country will develop in the new round of reform at a speed higher than other areas. And they will significantly increase people's confidence about the future of reform and boost the economic development by showing an example.

—With the development of a market economy, the relations between the central and local governments, between different regions and between the government and enterprises will change.

Administrative links will weaken while relations based on law and economic principles will strengthen.

—The growth of collective and private economies will still dominate the change of ownership structure. More enterprises will break out of the government control and become independent economic entities. The increase in the number of rural enterprises and the emergence of more small communities in the suburbs of metropolis will further change the dualistic nature of Chinese society which is characterized by a clear-cut division of cities and the countryside.

—Most people will move actively to adapt themselves to the new situation. Their individual pursuits will be focused on higher living standards.

There must be sufficient preparations for new problems in the transforming society, the report said. Otherwise, the country might face great difficulties.

According to the report, urban residents care about the reforms of salary, housing, and social security much more than the reforms of the management of State enterprises or the financial and commodity circulation systems. Nearly half of them showed strong discontent about their current income level.

So, the report said, if prices rise sharply in 1993, and if there reforms of the labour and personnel systems are too drastic and fail to be paralleled with the establishment of a social security system, social stability will be affected.

According to the report, the social transformation in 1993 may probably bring in some other problems.

Because of the unbalanced development of the economy in different regions, regional protectionism may surge, which would set blocks against the establishment of a unified national market system and jeopardize political stability in the long run.

Floating population may increase sharply. There is a possibility that rural population starts to flow towards developed coastal areas in large numbers, putting additional pressure on already-strained rail-transport and causing social problems in these areas.

The production of grain and cotton will increase little if not decrease, and that might cause price rises and other problems.

Changes in social values will make traditional moral standards not as binding on people's behaviour as they used to.

People who tend to snatch money unscrupulously will increase. And crimes, especially economic crimes, will also increase. Based on these predictions, the report said that a powerful central government, which is able to direct and exert effective control on social developments with proper macro-adjustment means is a necessary guarantee for completing social transformation with relative low costs.

In fact, whether the government can handle well the relations between economic development and social transformation and solve the newly-emerging problems in time, will have a determining impact on the social development in 1993 and after.

The report suggests that the government make overall reform decisions and co-ordinate reform measures in different fields and try to avoid the negative impacts of the reforms.

The government should also use more legal measures, instead of administrative ones, in developing the economy and try to play a bigger role in the areas where market laws are not effective, such as environment protection, basic scientific studies, education and social security.

While attacking corruption with no mercy, the government should also make substantial efforts to increase the incomes of employees of government and public departments.

#### Foreign Reporters 'Illegally' Obtain Secrets

HK0103095093 Hong Kong LIAOWANG OVERSEAS  
EDITION in Chinese No 8, 22 Feb 93 pp 10, 11

[By Re Bing (3583 0393): "Selected Case: The Whole Story of How Two Foreign Reporters Stole Secrets"; first two paragraphs are newspaper editor's note]

[Text] The vigorous development of Mainland China's economic construction since reform and opening up has increasingly become the focus of world attention. To promptly report the new outlook of China's reform and opening up, foreign agencies dispatched large numbers of reporters to China to gather news. The majority of these reporters worked hard for the sake of increasing exchanges between China and other countries. It is quite natural that China should offer convenience to their coverage. China also understands the press competition between them while gathering news.

However, there is a tiny handful of people with a complicated background, who are hostile toward Mainland China's construction and development. They appear in a capacity as reporters, but adopt abnormal

means and try by every means to steal all kinds of information on China's politics, economy, military, science, and technology. These people constitute a threat to China's state security and interests. Their activities are tantamount to espionage.

The purpose of revealing the following two cases is to remind the goodwilled Chinese people: We have friends all over the world, but the guests from abroad are not all friends.

#### Who is He Anlei?

XINHUA NEWS AGENCY transmitted a dispatch from Beijing on 14 September 1991, which said: He Anlei, a resident correspondent of Britain's THE INDEPENDENT in Beijing, is ordered to leave the country as quickly as possible for illegally obtaining two Chinese secret documents and violating Chinese laws and regulations.

#### Who is He Anlei?

He is British, and "He Anlei" is his Chinese name. His name is Andrew Higgins. He is now 33. He studied classical Chinese literature at the Chinese Faculty of Shandong University in Jinan. He speaks fluent Chinese.

Higgins joined REUTERS in 1982. He joined THE INDEPENDENT in 1987 and was sent to Beijing in 1988.

During his stay in Beijing for the four years 1988 to 1991, Higgins approached figures from the cultural and press circles one after another. He took note of contacting a handful of people who advocated bourgeois liberalization and focused attention merely on money, for the sake of collecting information.

As early as in September 1988, Higgins, without authorization, went to a locality in Xinjiang which was not yet open to the outside to gather news. He was criticized by the local foreign affairs department.

When the Beijing Intermediate People's Court was trying rioter Wang Juntao in January 1991, Higgins was waiting at the front of the court gate. When he failed to obtain the "news" expected, he wantonly interfered in the work of the security personnel who were on duty.

Higgins issued an article entitled "Deng Xiaoping Reappears in Capacity as Mediator" in THE INDEPENDENT on 4 January 1991, which disclosed the internal speech made by Deng Xiaoping at the Seventh Plenary Session of the 13th CPC Central Committee. The document on the speech was delivered to a very limited number of people and was regarded as a classified document.

Thus it can be seen that Higgins' behavior in China has gone beyond his capacity as a reporter.

At the Yantai airport, Shandong, on the afternoon of 12 June 1991, there was a Yantai-Beijing airliner at the runway. The passengers were undergoing security check

before boarding the plane. Higgins and a Beijing resident reporter of another foreign agency were among them. They had arrived in Shandong's Weifang a few days ago to cover news and were planning to return to Beijing via Yantai.

While checking Higgins' luggage, the airport security personnel found two confidential documents, totaling 33 pages. They immediately inquired Higgins in detail. In the face of iron-clad evidence, Higgins admitted that the documents were obtained through abnormal means. He himself acknowledged that the Chinese side could arrest him for that.

The airport security personnel said: We do not want to arrest you. Upon your arrival in Beijing, you will be treated in a fair manner in light of relevant regulations. Later, the airport security personnel detained the two classified documents. At 1705 that afternoon, Higgins signed his name in the "Inspection Record" at the Yantai airport.

Regarding the incident which took place at the Yantai airport, the Chinese Foreign Ministry notified THE INDEPENDENT headquarters through the Chinese Embassy in London, urging them to transfer Higgins back to the United Kingdom as quickly as possible.

The responsible person at the newspaper expressed regret over the incident, repeatedly requested the Chinese authorities to leniently handle the case, and promised to transfer him back after covering the news of British Prime Minister Major's visit to China in early September. In view of THE INDEPENDENT's sincere attitude, China met their request.

Following Prime Minister Major's China visit, however, THE INDEPENDENT headquarters failed to keep their promise and did not transfer Higgins back. Under such circumstances, the Chinese Foreign Ministry ordered Higgins to leave the country before 15 September and detained his press card. Meanwhile, the Beijing Municipal Public Security Bureau's Management Office for Foreigners also took back Higgins' residence permit.

While handing over his residence permit, Higgins said arrogantly: "What can you do if I refuse to leave?" In the face of Higgins' provocative behavior, the office clearly warned him: "We have received an order to see you leave the country before 15 September." They also put a note "extension not allowed" in Higgins' passport.

It is quite natural that the Chinese Government cannot tolerate Higgins' behavior, which is incompatible with his capacity as a reporter.

#### The Lena Sun Incident

The Higgins case is not unique. On 20 May 1992, XINHUA NEWS AGENCY transmitted a similar dispatch from Beijing: The Chinese State Security Department had to adopt relevant action against U.S. reporter Lena Sun, who engaged in activities in Beijing incompatible with her capacity.

The following is the cause of the incident:

Lena Sun, 33, is a female U.S. reporter of Chinese origin. She studied Chinese history at the Beijing University History Faculty from 1977 to 1978. Later, she took up posts at a number of U.S. press agencies. She joined THE WASHINGTON POST in 1983 and became the newspaper's resident Beijing correspondent in July 1990. Relying on her Chinese face and ability to speak fluent Chinese, she had more advantages than foreign reporters in gathering news.

Lena Sun's reports were focused on China's political situation, such as topics of major conferences and central personnel changes. However, the viewpoint of her reports had political prejudices. To obtain classified documents from the Chinese side, Lena Sun used money to bribe the insiders and steal state information.

In May 1991, Lena Sun stole and made public a classified document of the State Education Commission. Her report was further exaggerated by the VOICE OF AMERICA.

Following the changes in the former Soviet Union in September 1991, Lena Sun was further unbridled in her activities in Beijing. She unscrupulously bribed Chinese personnel in order to steal classified documents and published in THE WASHINGTON POST the internal speeches made by Chinese leaders on the international situation, seriously divulging China's secrets.

On the afternoon of 17 May 1992, the Beijing Municipal State Security Bureau openly searched Lena Sun's office and found more than 10 classified documents in the safe. These documents were illegally stolen by Lena Sun.

In the face of large amount of material evidence, the Chinese State Security personnel told Lena Sun that her activities were incompatible with her capacity as a resident Beijing reporter. She was also seriously warned for her violation of Chinese laws. According to law, the state security personnel made a list of the documents, which were withheld. Lena Sun also signed the list, which noted that the documents were taken from her office.

As to the Chinese officials who leaked the information to her, they were duly punished after the cases of Higgins and Sun.

#### **The Crux of the Matter Cannot Be Evaded**

In all fairness, the Chinese Government takes a clear-cut position and is also lenient in handling the cases of secrets stolen by foreign reporters. Following the Higgins case in September 1991, however, some Western reporters, in the name of the "Beijing Foreign Journalists Club," wrote a letter to the head of the Chinese Foreign Ministry Information Office, blaming the Chinese side for no reason. On 18 September the same year, Yang Xiuping, deputy head of the Foreign Ministry's Information Office, summoned (Mai Jian Lu 7796 0256 7120), a U.S. reporter and head of the "Club," sternly criticized him, and pointed out: The letter sent by six or seven of

your people in the name of the so-called "Beijing Foreign Journalists Club" is deliberately provocative. Your letter has evaded the crux of the matter; that is, Higgins illegally obtained classified Chinese documents. This move has violated Chinese laws. A number of people, headed by you, have covered this basic fact in an attempt to stir up public opinion against China. This is simply unacceptable.

Yang Xiuping continued to reiterate: All foreigners, including journalists, in China should abide by Chinese laws. The days when the big powers enjoyed extraterritoriality in China are gone forever. The Chinese Government will protect the legitimate rights of foreign reporters in light of the law, try to satisfy their reasonable demands for coverage, and offer convenience to their work, but will never tolerate the behavior which ignores Chinese sovereignty and law.

Following the Lena Sun incident, instead of examining the illegal act of Lena Sun, THE WASHINGTON POST issued an editorial on 19 May, throwing mud at China by confounding right and wrong. In view of this, Chen Guoqing, press counselor of the Chinese Embassy in Washington, contributed an article on 24 May, refuting THE WASHINGTON POST editorial against China, which did not tally with the facts.

In May the same year, the Chinese Foreign Ministry spokesman also solemnly declared: The Chinese Government's policy is to protect the legitimate rights of foreign journalists and offer convenience to their normal work. At the same time, he emphasized that foreign reporters should also abide by Chinese laws and regulations while gathering news in China.

#### **Procurator on Redefinition of Anticorruption**

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[Interview with Xiao Yang, deputy procurator general of the Supreme People's Procuratorate, by Shi Chaoyu (4258 2600 2485) and Jiang Caihu (5592 2088 5706): "The Notion of Anticorruption Should Be Updated"]

[Text] A few days ago, Xiao Yang, executive deputy procurator general of the Supreme People's Procuratorate, gave an interview to reporters. He presented a host of new ideas on how to handle economic crimes, such as embezzlement and bribery, under the new circumstances of the ongoing transition toward a market economy.

This senior procurator, acknowledged by the public as a consistent source of "new ideas" and "new ways," well deserves the title of an anticorruption expert. When he was chief procurator of the Guangdong Provincial Procuratorate, he initiated China's first economic crime reporting center and took the lead in founding an anti-embezzlement and antibribery bureau, setting off high tides of anticorruption campaign one after another in Guangdong, China's fastest developing region. After



these measures, proven effective through implementation, were spread to the rest of the country, tens of thousands of reporting centers and anticorruption institutions were set up all over China.

Under the system of socialist market economy, what is the correct attitude toward the most sensitive questions related to economic crime; the many questions regarding sales commission and brokers; the interchange between the subject and object of embezzlement and bribery; the role of scientific and technological information in the course of economic construction and the high incomes of scientific and technological personnel; and the issue of distribution according to work during the transitional period leading up to the market economy? In reply to those questions, Deputy Procurator General Xiao Yang gave the following answers. He said:

At present, procuratorial organs are faced with greater difficulty in dealing with and punishing such economic crimes as embezzlement and bribery. On the one hand, the broad masses are making a loud appeal for checking corruption and punishing embezzlement and bribery, expecting the procuratorial organs to be firm-handed and their measures efficient in punishing embezzlement and bribery. On the other hand, however, the development of market economy requires a relaxed social environment and, in particular, demands procuratorial organs put "safety helmets" and "safety belts" on those doing economic and scientific and technological work. Feeble punishment and tolerating crime may cause great damages to the reform, opening up, and economic construction; but excessive punishment and hurting good people by mistake will also cause serious damages to the reform, opening up, and economic construction. How to solve this thorny problem properly then? The answer is: We must emancipate the mind, update our concepts, and break through the old, outmoded, rigid, and ossified concepts and ideas of law enforcement. In the meantime, we should also seek truth from facts and handle things according to law.

#### **Procuratorial Organs Should Not Only Deter Economic Crime But Also Safeguard Economic Development**

Since the reform and opening up began, economic construction has become a central task. The aspect of protecting people's democracy within the proletarian dictatorship has thus become more important. Procuratorial organs should obey and serve the central task of economic construction, stop functioning only in crushing and punishing, and start operating in such a way that they not only firmly perform the functions of dictatorship, but also provide a legal safeguard for economic development. It is necessary to closely integrate the crackdown on crime with improvement on service. Crackdown and service are a dialectical unity, not antagonistic to each other. Cracking down on crime is the most important and most direct service. Yet besides this, there are other aspects to it, such as the tactics and methods of combat. There is always a question of time and propriety in terms of when to take action and when

to restrict freedom of action. The tactics and methods of combat themselves are also a form of service.

#### **We Should Correctly Understand and Handle Crime**

The occurrence of crime is a complex social phenomenon. It is caused by social, ideological, economic, and cultural reasons and reasons associated with individuals' ideological and moral quality. The socialist market economy will inject new life and vitality into China's economic construction, but its negative factors will also spur some people to try to fulfill their own desire for wealth by illicit means and make reckless moves in defiance of the law. Moreover, crimes stemming from greed for wealth, such as theft, robbery, embezzlement, and bribe-taking, may increase. The presence of some hostile forces in the world will inevitably affect stability in China. In the past few years, the number of counter-revolutionary cases has significantly increased and crimes committed by secret societies sneaking around and infiltrating into China's territory from abroad have also increased. All this indicates that it is imperative to make a comprehensive review and restudy of the theories which explain causes of crime. Therefore, the illusion that crime can be eliminated in the initial stage of socialism is unrealistic.

As far as procuratorial work is concerned, what is more important is to, in ideology, break through the conventional concept of law enforcement which maintains that it is better to have "left" deviation than right deviation and that "left" is better than right. Under the influence of the conventional concepts, stricter standards are often applied in law enforcement. For instance, legal punishment is dealt out arbitrarily to cases that are obviously not serious and do not have to be regarded as crime; or not enough consideration is given to some people who have performed meritorious services and can be handled with leniency. Some procuratorial organs hold the lopsided view that applying stricter standards means resoluteness and stern crackdown, whereas applying the less strict standards means inadequate crackdown. This is the manifestation of the "left" deviation in law enforcement.

Under the current circumstances of market economy, the crimes in the economic field are different from ordinary criminal offenses in many ways. The purpose and object of an ordinary criminal offense are very clear, and so are the resultant damages. But as for the crimes in the economic field, the action is often obscure and the victim cannot be clearly defined. This calls for a greater degree of discretion and the spirit of seeking truth from facts in handling offenses in the economic field, and creates the need to overcome the tendency that prefers "left" to right. We should adhere to strictness when strictness is required and dare to be lenient when leniency is required. It is not right not to handle a crime-constituting case as a crime or not to be strict in handling a case that should be strictly handled. Hesitating to be lenient in handling a case that deserves leniency and can be handled not as a crime is also incorrect. It is necessary to have a sense of propriety in



being strict or lenient and strike a balance between leniency and strictness. This is in terms of the guiding ideology for procuratorial work. It is necessary to guard against right deviation, but the main task is to prevent "left" deviation. We should not apply this principle to specific cases in a simplistic way. If we only stress preventing "left" deviation for fear that we may be labeled "left" and consequently refrain from treating the cases supported by clear facts and verified by sufficient evidence as crimes, that will be in breach of legal stipulations and will not work.

While we emphasize the need to rid ourselves of the concept of preferring "left" to right, we naturally should not do the opposite, that is, preferring right to "left," letting go rather than making a mistake, tolerating rather than arresting, or ignoring offenses.

**We Should Break the Previously Prevalent Idea and Concept That "Criminal Cases Are More Important Than Civil Cases" in Law Enforcement**

The idea that "criminal cases are more important than civil cases" in law enforcement is one which has influenced the legal circles for a long time. This is the sediment of China's notion of law over thousands of years and determined by China's political and economic development. The feudal society which lasted thousands of years was always in a self-sufficient state of natural economy and the market economy was very underdeveloped. Laws were mainly used to suppress the people and maintain feudal rule. The civil law, which regulates property and financial relations, was never developed to any mature degree. After the founding of New China, though the economy was greatly developed, economic construction was organized and carried out by administrative means. The civil law functioned in a very narrow scope, covering such things as family affairs and property only. Therefore, law enforcers developed the idea that criminal cases were more important than civil cases. In the course of law enforcement, they tended to either pronounce somebody guilty and punish him or declare somebody innocent and let him go, with no transition in between, thus making no adjustment to cases that violated the law but did not constitute crimes. In the past, we failed to pay enough attention to the regulatory role of civil, economic, and administrative laws. Because we were not used to regulating economic activities with civil, economic, and administrative laws, we tended to regard some civil disputes as swindles or put analogized accusations on them and then handled them as criminal cases. This is incorrect and should be set right.

**We Should Break the Concept of Law Formed During the Period of the Planned Economy**

After the founding of New China, China went through quite a long period of planned economy. In conformity with the socialist economic base, the law highlighted the protection of the order of a planned economy. In terms of mentality, law enforcers only stressed the need to protect public ownership to the neglect of the protection

of other economic sectors; only attached importance to the protection of the mode of distribution according to work, without adequate attention to the protection of other forms of distribution; only attached importance to protecting the operation of planned economy, paying no adequate attention to, or even restricting, the mental approaches to market operation.

Many social and economic phenomena that differ from the planned economy have occurred under the system of socialist market economy. For the procuratorial work to adapt itself to the changes in the economic system, play the role of legal supervision, and serve economic construction, we must change our conventional concept of law enforcement. In the initial stage of socialism, while the market economy is dominated by the public-owned economy, many different economic sectors have come into being. For instance, the legal protection that is rendered to public-owned economy should be given to such other economic sectors as individual-owned economy, private economy, and foreign-funded economy. Even the original meaning of public ownership has undergone great changes. For example, many shareholders in the joint-stock system come from the public-owned economic sector. Public ownership should be distinguished from the forms in which public ownership is realized. It is necessary to protect various economic sectors. Under the system of market economy, income distribution has taken on various forms, apart from the unitary form of distribution according to work. I have divided the various forms of income distribution into the following four categories: The first is distribution according to work associated with one's job. The second is income from part-time jobs, secondary jobs, and provision of services, such as information, consultancy, and other services. Is this regarded as work remuneration and another form of distribution according to work? In my understanding, it is another form of work remuneration in conformity with distribution according to work. The third type is income beyond work-related distribution, yet it is not illicit income, still less criminal gain. This includes income from transactions in stocks and lotteries. The fourth type of income is obtained by illegal or even criminal means. This classification makes it clear that those who deserve punishment are those who make money using the fourth method and that legitimate income earned through work should be protected.

**Article on Deng Theory for Building Socialism**

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[Article by Deng Jingquan (5516 0079 3123): "A Great Product of the Development of the Times—Characteristics of the Times of Deng Xiaoping's Theory of Building Socialism With Chinese Characteristics"]

[Text] Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics (called "Deng Xiaoping Theory" hereafter for short) is a product of integrating the basic tenets of Marxism with the realities

of contemporary China and the characteristics of the times. When discussing the relationship between the characteristics of the times and the party's theory and tactics, Lenin pointed out: It is impossible for us to know the full complexity of the development of every epoch "but we can and do know which class stands at the hub of one epoch or another, determining its main content, the main direction of its development, the main characteristics of the historical situation in that epoch, etc. Only on that basis, that is, by taking into account, in the first place, the fundamental distinctive features of the various 'epochs' (and not single episodes in the history of individual countries), can we correctly evolve our tactics; only a knowledge of the basic features of a given epoch can serve as the foundation for an understanding of the specific features of one country or another" ("Collected Works of Lenin" Vol 21, pp 123, 124). Peace and development are the two main themes of the contemporary epoch and safeguarding peace and seeking development are the basic trends. An important feature of the epoch is that socialism is constantly advancing in the course of exploring new development paths. Standing on the apex of the epoch, Deng Xiaoping has throbbed keenly with its pulse, seized the opportunity of its development and, proceeding from the realities of China today, pushed the socialist undertakings forward. For this reason, the theory of building socialism with Chinese characteristics initiated by him has been provided with the distinctive characteristics of the times.

**The Essential Trend of the Development of the Times:  
Will Capitalism "Swallow" Socialism or Will the Latter  
Replace the Former?**

A precondition of building socialism with Chinese characteristics is to uphold socialism. In upholding socialism, we base ourselves on the following unshakeable conviction: The replacement of capitalism by socialism is a major trend of historical development.

If we view things exclusively from this phenomena, we can see that almost all socialist countries have met with serious difficulties and setbacks in the course of their development and some have even degenerated and changed their banners. However, if we observe things from the essence, we should see: Did some socialist countries suffer setbacks or defeats because they stuck to the socialist path or because the socialist pattern they upheld was not in keeping with the reality in their own countries and the trends of the times? If it is the former, why is it that a socialist state like China has scored world-impressive achievements and that our socialist cause is thriving? Some far-sighted people abroad have commented as follows: The drastic change in Eastern Europe in 1989 has changed the vigorous development trend of socialist revolution on a global scale in the 20th century. But what has been defeated is the special, Soviet-style social structure rather than the original theory and ideas of Marxism. Therefore, some countries have drastically changed and even disintegrated because they have been unable to fundamentally reform the original structure in light of the characteristics of the

times and the developing reality in their own countries and have even betrayed socialist principles, not because they have stuck to the socialist path.

Socialism is sure to replace capitalism. This is a basic conclusion drawn from an analysis of the basic contradictions of capitalism. Has the development of capitalism in the contemporary world removed these contradictions? It should be admitted that, since the 1960's, with the rise of the new scientific and technological revolution and some readjustments in production relations within capitalism, capitalism has developed quite steadily on a global scale. This proves that it still has some vitality and that capitalism and socialism will still coexist for a fairly long historical period in this world. However, judging from its development trend, capitalism is going downhill while socialism will increasingly become the mainstay of the times and the hope of development.

The development of capitalism in the contemporary world has not removed the contradiction between the social character of production and the private ownership of the means of production; on the contrary, the ultimate ownership of capital has been increasingly concentrated. Take the United States as an example. The number of companies with over \$1 billion in assets was 96 in 1960 but this increased to 522 in 1980; there was not an exceptionally big company with \$10 billion in assets before 1960 but there were 56 such companies in 1980; and since the eighties there have been a number of super companies with an annual turnover of nearly \$100 billion. Capitalist transnational companies and banks have developed rapidly and their capital has demonstrated the characteristics of seeking to dominate the world economy regardless of the economic conditions in their own countries. With the social character of production extending on a global scale, the contradictions in capitalism have also expanded and constantly intensified on a global scale; the contradictions between the United States, Japan, and Europe, as well as those between developed capitalist countries and underdeveloped countries, have become more conspicuous. On the other hand, the monopoly capitalist economy's parasitic and decadent nature has grown, turning the economy into a "cavity" [kong xin hua 4500 1800 0553] and "foam" [pao mo hua 3133 3106 0553]; within the developed Western countries, the contradiction between the monopoly bourgeoisie on the one hand and the proletariat and the broad masses on the other is also rising.

The modernization of developed capitalist production has prepared a solid material and technological base for the socialist revolution. The social character of the use of capital, with joint-stock companies as a principal form, shows that it is necessary, and also possible, for society to use and possess this capital. Of course, to achieve possession of this capital by the whole society, it is necessary to carry out socialist revolution. As to what form this revolution will take, this must be proved through the practice of socialist movement but this does not change the objective law governing social development. As Deng

Xiaoping pointed out in his talks during his tour of southern China: "After a long process, socialism is sure to replace capitalism. This is a general trend of historical development that cannot be reversed."

**A Major Theme of the Times: How Should an Economically and Culturally Backward Country Build, Consolidate, and Develop Socialism?**

The founding of socialism as a social system is one of the major epoch-making events of this century. It represents the development direction of the times. Therefore, the issue of socialism is one of epoch-making significance.

Without socialism and the active participation of socialist countries, the cause of peace and development—the two main themes in the contemporary world—cannot be pushed forward satisfactorily and the objective of peace and development cannot be realized. For this reason, the fate of socialism is closely bound up with the cause of peace and development. At the present time, the fate of socialism is closely related to the issue of whether or not an economically and culturally backward country can correctly build, consolidate, and develop socialism. Therefore, this major issue is of greater epoch-making significance.

Applying the basic tenets of Marxism-Leninism-Mao Zedong Thought, the Chinese Communists, with Deng Xiaoping as their representative, have summed up the experience of China's reform, opening up, and socialist modernization drive since the Third Plenary Session of the 11th CPC Central Committee and the historical experience of China's successes and setbacks in building socialism. On that basis, and on the basis of using for reference the historical experience of the rise and fall of other countries in practicing socialism, they have formulated the theory of building socialism with Chinese characteristics and, by basing themselves on China's reality, gave an initial and quite systematic answer to this issue, which has major epoch-making significance. Therefore, the theory of building socialism with Chinese characteristics is a product under the new historical conditions and has the distinctive features of the times.

In the course of building socialism, economically and culturally backward countries face some common problems. First, they have not extricated themselves from a situation characterized by backward economy and culture. In relation to the need to establish socialism on the basis of developed capitalism, socialism is currently still "unqualified." However, since the socialist system has been established and should never backtrack, it is necessary to proceed from the basic reality of backward economy and culture, take economic construction as the center in all endeavors, and develop social productive forces with all our strength. In terms of development speed, we should also act within our capabilities and, at the same time, optimize structure and improve efficiency, so that all industrial departments can develop in a coordinated manner. Otherwise, we are likely to suffer. Second, having mechanically copied the Soviet pattern

in varying degrees, our economic and political structures, which are highly concentrated and ossified, lack vigor and vitality. This makes it necessary for us, while upholding the socialist orientation, to fundamentally change the outdated structure which fetters the development of productive forces and build a new structure which suits the socialist market economy and contributes to the joint development of "two civilizations." What is most fundamental is to proceed from the aforesaid two issues in building socialism with Chinese characteristics in the course of resolving the two issues. An important reason for the failure of some socialist countries is that they either refused, or only paid lip service, to reform without taking any practical steps. They were always changeable or they mechanically copied the Western capitalist privatized economic system and took the parliamentary democratic path of political pluralism and multiparty system. Therefore, as far as socialist countries are concerned, rejecting reform is a blind alley, as is failure to uphold the reform's socialist orientation in the overall situation. The victory of socialism and the consolidation and development of the socialist position are always closely linked with persistence in integrating the basic tenets of Marxism with the concrete practice in one's country and taking one's own path. Our party has successfully explored the path of building socialism with Chinese characteristics by proceeding from our country's reality, which was backward economically and culturally. This represents a great pioneering undertaking in the socialist movement and has major epoch-making significance.

**Seize the Favorable Moment in the Development of the Times: Affirm Economic Construction as the Center and Science and Technology as Primary Productive Forces**

An important principle of the "Deng Xiaoping Theory" is to affirm that the fundamental task of socialism is to liberate and develop the productive forces, that economic construction is the center of all endeavors of the party and state, and that we should attach great importance to the development of science and technology. This principle is also linked up with the themes of the times, that is, peace and development and has a distinctive feature of the times.

Deng Xiaoping pointed out: "The essence of socialism is to liberate the productive forces, eliminate exploitation, remove polarization, and ultimately attain common prosperity." Therefore, failure to liberate and develop the productive forces is not socialism, nor is failure to eliminate exploitation and remove polarization. However, the existence of classes and exploitation is linked with a certain historical stage in production development. Engels pointed out: "Only when social productive forces develop to a certain stage, or develop to a very high stage even in terms of our modern conditions, is it possible to raise production to such a high level that elimination of class differences will become real progress, perpetuated, and solidified, and not lead to stagnation and even decline in the mode of social production" ("Selected Works of Marx and Engels," Vol 2,



p 616). Therefore, the development of productive forces is the basis for the elimination of exploitation and the removal of polarization. If we do not place our basic point on, and devote our main attention to, the development of productive forces but act to completely eliminate exploitation and polarization with undue haste, not only will such elimination be unable to perpetuate and solidify but it will likely cause some decline in the productive forces. There is a profound lesson that should be drawn from the socialist movement. Naturally, under the socialist conditions, if we do not firmly uphold the dominant position of public ownership and let polarization and exploitation expand, this will also be out of keeping with the essence of socialism.

Since the seventies, the international situation has been moving toward relaxation. Since the nineties, the pattern of bipolar confrontation has basically ended, the world has evolved more quickly toward multipolarization, and various forces have realigned themselves and gradually struck a balance. These have become important factors in safeguarding international security. For a considerably long time to come, it will be possible to avoid a large-scale global war. Peace is closely related to development. The fact that there has been no global war for several decades since World War II has provided all countries with a good international environment for the normal exchange and development of the economy, science and technology, and culture. Beginning in the sixties, the economies in all countries, especially the developed ones, have developed quite rapidly. Since then, first the "four little tigers" of Asia and then some ASEAN countries have also attained high economic growth. Exceeding 10 percent in their economic growth in the sixties and seventies, they have been called an "economic world miracle."

In short, the trend of the times characterized by efforts to safeguard peace and seek development makes it possible, practicable, and also extremely urgent to pursue a policy of taking economic construction as the center. Moreover, we should seize the opportunity to develop ourselves and raise the economy to a new level once every few years, to substantially increase our comprehensive national power. This is also of great importance to the realization of the two main themes of the times, namely, peace and development. As Deng Xiaoping pointed out: China constitutes an important factor in the world's forces for peace but such forces are still small at the moment. When China has developed, it will certainly play a marked role in maintaining world peace and stabilizing the international situation ("Building Socialism With Chinese Characteristics," Revised and Enlarged Edition, pp 95, 96). The rapid growth of the Chinese economy will also forcefully promote the growth of the world economy and shows that socialism will also be superior to capitalism in terms of economic growth rate.

Since the sixties, the rise of the new scientific and technological revolution has become an important trend of the times. Scientific and technological development has forged ahead at a tremendous pace, bringing about

changes with each passing day. The world economy as a whole is shifting from an international economic era relying heavily on natural resources and manufacturing industry to one relying heavily on information and service trades. Today, a country wanting to stand as a powerful country in the family of nations, must attach great importance to science and technology and use high technology to develop new industries and transform traditional industries.

However, due to the influence of the "leftist" erroneous line, for a long time China did not place scientific and technological modernization in its proper strategic position. It also included a large number of intellectuals in the category of the bourgeoisie and took them as the target of transformation. This seriously dampened their initiative and creativity and caused us to miss some valuable opportunities. Before and after the Third Plenary Session of the 11th CPC Central Committee, Deng Xiaoping was especially concerned about the development of the world's scientific and technological revolution and gave a position reaction. On the basis of summing up the new trend and the new experience in the world economic development in the seventies and eighties, he forwarded a famous scientific thesis, namely: "Science and technology are the primary productive forces." This scientific thesis profoundly reveals the primary transformation role of science and technology in the development of productive forces and socioeconomy in the contemporary era. He also emphatically pointed out: "The key to the four modernizations is the modernization of science and technology." In keeping with this, Comrade Xiaoping and the party Central Committee stressed that intellectuals are a part of the working class, that they master more scientific knowledge and culture, that they are pathbreakers of advanced productive forces, and that they play an especially important role in the reform, opening up, and modernization drive. To a large extent, whether or not we can bring into full play the talent of the vast numbers of intellectuals, determines the prosperity or decline of our nation and the progress of modernization. All these important viewpoints, strategic measures, principles, and policies are positive reactions to the rise and development of the new world scientific and technological revolution—an important sign of the development of the times—and, for this reason, have a distinctive feature of the times.

#### **A Strong Lever Pushing the Times Forward: It Is Necessary To Persist in Reform and Opening Up To Attain Development**

Persisting in reform and opening up is a key aspect of the "Deng Xiaoping Theory" and is the most distinctive feature of socialism with Chinese characteristics. This feature is also closely linked with the characteristics of the times.

In our structural reform we have not only based ourselves on China's reality, especially the development level of the productive forces, but also learned and absorbed something rational from the economic system

of foreign countries, including developed capitalist countries, such as: taking the market as the basis in the distribution of resources; separating government and enterprise functions; treating enterprises as independent economic entities; stepping up government macroeconomic regulation and control; and comprehensively applying various regulatory and control methods. Following the improvement in the social character and modernization level of China's production, more will be learned and absorbed from developed countries in terms of concrete structures. This is also a trend. It can be said that such a reform, which is based on learning and absorbing some economic structural factors from developed capitalism, is one of "grafting." It will surely sprout new branches and bear new rich fruits.

Nowadays, economic, scientific, technological, and cultural exchanges among countries are getting closer daily and the trend of mutual dependence, penetration, and promotion is increasingly apparent. In the world economic pattern, regional grouping exists side by side with economic integration of the world. The growing economic exchanges among countries with different social systems has boosted the development of global economic activities still further. This shows the process of economic integration of the world is accelerating. Regional grouping and world economic integration are both confrontational and unified. For a fairly long historical period to come, competition among regional groupings headed by the United States, Japan, and Germany will become more acute. However, viewed from the long historical viewpoint, regional grouping is aimed at breaking down economic barriers between countries and effecting integration on a partial scale; it is a necessary link in an ultimate move toward a high degree of world economic integration. With the further development of the world economy, science, and technology, exchanges among regional groups is sure to increase, with a move toward groupings constantly weakening and also toward integration constantly strengthening. In the end, barriers between groups will be removed and the integration of the world economy will be fully realized.

It is against such a background that China has put forward the policy of reform and opening up and, on this account, it is a major policy decision in keeping with the trend of the times. Comrade Deng Xiaoping pointed out: "The world is now an open one. All countries want to develop and it is impossible to isolate oneself or close the door to the outside world. To achieve the first and second-phase objectives, it is absolutely necessary to open up, step up international contacts, and introduce advanced experience, scientific and technological achievements, and capital from developed countries" ("Building Socialism With Chinese Characteristics," Revised and Enlarged Edition, pp 54, 105).

After conducting reform and opening up to the outside world for over 10 years, China has developed an omnidirectional pattern of opening up, from the special economic zones and open coastal cities and economic zones to the interior regions. Following Comrade Deng

Xiaoping's talks during his southern China tour, we again seized the opportune moment to go on opening wider to the outside world and to open the areas along the borders and the areas along the Chang Jiang valley, with the development of Shanghai's Pudong as the dragon head. Moreover, we have also quickened the pace of opening inland provinces and autonomous regions to the outside world. China's foreign trade has developed tremendously. China's exports in 1991 were four-fold those in 1980 and its export trade status among other countries and regions in the world was much higher than it was a dozen years or so ago. To better suit the pattern of opening inland provinces and autonomous regions to the outside world, China should also take new steps in opening up and mount a new flight of steps. We should shift from the practice of primarily "opening the country gate" and introducing [foreign funds and advanced science and technology] into the country to the practice of primarily "stepping out of the country gate" and joining in international competition and taking part in world economic affairs with a more vigorous attitude, including expanding investments abroad and transnational operations by China's enterprises and opening the world market. This way we can link China's economic, cultural, and social development more closely with world development and quicken the pace of China's economic development and social progress. China can then stand in the family of nations as a powerful, modern socialist country.

#### Official Discusses Viewing Issues From 2 Sides

HK2602144693 Beijing GUANGMING RIBAO in Chinese 14 Feb 93 p 3

[Article by Wu Songying (0702 2646 3602), deputy director of the Shenzhen City CPC Committee Propaganda Department: "We Must Always Uphold the Theory That Everything Has Two Sides"]

[Text] The theory that everything has two sides means that things always move ahead through a certain process and that in each process, the two sides of a contradiction are developed in the midst of mutual connections and mutual struggle. Therefore, in studying things, we must not look at one side only, but all aspects; not only the static state, but also the dynamic state; not just unity, but also antagonism. The two-sides theory is not just a world view, but is also a methodology. It not only reveals the basic law governing the development of things, but also guides us in correctly analyzing and dealing with various complex issues.

At the beginning of last year, Comrade Deng Xiaoping inspected such places as Shenzhen, Zhuhai, and Shanghai and gave many important instructions, which made people in China and abroad feel very much inspired. This also deeply convinced us that he is a paragon in adhering to the two-sides theory. When commenting on domestic and international affairs, Comrade Deng Xiaoping stressed not only the need to uphold Marxism but also that Marxism must be verified

and developed in practice; he not only stressed the need to quicken the pace of reform and opening up, but also the need not to relax vigilance against bourgeois liberalization; he not only talked about the effects and impact of economic development on people's concepts, but also stressed that it is imperative to conscientiously conduct education and firmly crack down on various criminal activities, emphasizing that the two types of work should be done simultaneously with equal attention; he not only stressed the need to speed up economic development, but also that acceleration must be allowed by objective conditions and must accompany the enhancement of economic efficiency; he not only stressed the need to be enterprising and not to be afraid of making mistakes, but also the need to do practical things and make a point of conscientiously summing up experience and identifying and correcting mistakes in time; and so on and so forth. In a word, Marxist materialist dialectics and the two-sides theory are found throughout Comrade Deng Xiaoping's speeches.

The party's basic line, with "one center, two basic points" as its main content, is a product of historical development and a crystallization of dialectics. According to the original meaning of the party's basic line in the initial stage of socialism, "one center, two basic points" is a complete whole and adherence to the four cardinal principles and to reform and opening up are mutually complementary. But if the two are set against each other in an absolute sense, taken separately, or misinterpreted, contradictions and struggles will occur. Undoubtedly, reform and opening up is the only way to build a powerful nation for today's China. Without reform and opening up, the achievements of China's special economic zones that have caught worldwide attention would have been impossible and stable, sufficient supplies of clothing and food for the 1 billion-odd people in China would have been impossible, still less moving toward a living standard of moderate prosperity. However, on the issue of how to conduct reform and opening up, there have always been two diametrically different propositions. When bourgeois liberals talk about "reform and opening up," they advocate overall westernization, privatization, and the overthrow of the CPC's leadership and the entire socialist system, which would inevitably result in China becoming an appendage of some Western capitalist powers. Such "reform and opening up" is diametrically antagonistic to the four adherences. The correct viewpoint of reform and opening up advocated by Comrade Deng Xiaoping regards it as a process of self-improvement by the socialist system and a type of reform and opening up conditioned by adherence to the four cardinal principles. On the other hand, if the four cardinal principles are interpreted in a rigid way to deny the necessity of reform and opening up, it will also cause contradictions and struggle. Under normal circumstances, there is no antagonistic struggle between reform and opening up and the four adherences. We should not solve contradictions by letting one side outdo (or even eliminate) the other. Yet the question of contradictions between the two, which

shows their interdependent relationship, as well as opposition to each other still exists.

Dialectical materialism also tells us that of the two sides within a contradiction, one side must be the principal side of the contradiction and that the principal and secondary sides of a contradiction are interchangeable under certain conditions; that is, the principal side of the contradiction may change into the secondary side and the secondary side of the contradiction may change into the principal side. In terms of contradictions between the four adherences and reform and opening up, when the ideological trend of bourgeois liberalization is spreading wildly, the four adherences are the principal side of the contradiction. Protecting the people's democratic dictatorship and the great fruits of socialism and safeguarding Marxism-Leninism-Mao Zedong Thought is the most urgent and most important task of the whole party, the whole Army, and the whole nation. Seeking stability and pursuing reform and opening up without doing anything about these is as futile as trying to draw water with a basket. Under normal circumstances, during a period of peace and development when the party's leadership status is stable, the socialist orientation is unambiguous, and the domestic and international situation is relatively stable, reform and opening up is the principal side of the contradiction. This is because only through reform and opening up can the socialist system continuously improve itself, rapidly develop its productive forces, rapidly increase its national strength, constantly improve the people's livelihood, and give better play to the superiority of socialism. Speaking about the four adherences without doing this will only lead to total failure, just like being an armchair strategist. At present, Deng Xiaoping and the other old comrades are still alive and going strong, the party Central Committee headed by Jiang Zemin is united as one, social stability is present all over the country, the public's feeling is positive, and peace and development remain the international mainstream. Faced with this golden situation, we should keep a firm hold of economic construction as the center of our work, boost the economy without letting opportunities slip, improve the people's livelihood, expand our national strength, enhance our national might, and stride proudly ahead along the path of building socialism with Chinese characteristics.

Building socialism with Chinese characteristics is a lengthy, complicated process full of contradictions and struggles. Metaphysics should never be followed in either theory or practice. It is imperative to adhere to the two-sides theory and dialectics and strive to grasp unity in the midst of antagonism and vice versa. When the situation is good, we should see the grim side of the situation; when stressing reform and opening up, we should not forget about the four adherences; when the growth rate of economic construction is fast, we should think about whether it is necessary to move ahead in a more secure way; when encouraging emancipation of the mind, we should make a point of not negating excellent traditional ideas and culture altogether or giving support



to negative things as new things; when combating the right, we should make a point of guarding against the "left," and vice versa; when we fail we should not lose heart, and when we succeed we should not feel complacent.... While stressing the two-sides theory, we should also pay attention to the theory of focus. It is necessary to emphasize the dominant side when talking about the balance of two sides in light of actual conditions at different times. For instance, now we should guard against the "left" and the right, but the focus is on preventing the "left." Only by so doing can our party, our country, and our nation surmount every difficulty and march toward victory without faltering.

#### **Government Reforms Higher Education System**

*OW2802193293 Beijing XINHUA in English 1521  
GMT 28 Feb 93*

[Text] Beijing, February 28 (XINHUA)—China is making overall reforms of the country's higher education system to keep up with the country's step toward a socialist market economy.

The reforms cover the curriculum arrangement, management mechanism, enrollment, assignment and research work in the country's universities and colleges.

The readjustment of courses has drawn the people's attention most, with some outmoded courses cut and new ones added.

The Chinese people's university, which trains would-be officials for various government departments, made the biggest readjustment of its specialties during the past four decades. Some 17 disciplines stopped enrolling students and the university started 14 new ones including real estate management, marketing and enterprise management.

As to the scientific research work, China's universities and colleges are stressing developing applied sciences and getting scientific and technological achievements into production. The research fellows are encouraged to sell their achievements to enterprises.

According to statistics from the State Education Commission, every year 7,000 to 8,000 research achievements in China's institutions of higher learning pass the country's appraisal and are made accessible to the public.

Meanwhile, many universities and colleges are taking part in starting new high-tech development zones and experimental agricultural zones or engaging in scientific, technological and information businesses in cooperation with enterprises.

In addition, government sources said that more and more college students will have to pay their own tuition, and when they graduate, they will have to seek jobs themselves instead of being assigned in accordance with the country's overall plan.

#### **Universities, Colleges Receive More Autonomy**

*OW2802032993 Beijing XINHUA in English 0309  
GMT 28 Feb 93*

[Text] Chongqing, February 28 (XINHUA)—Universities and colleges in Chongqing city, an industrial city in southwestern Sichuan Province, will be given more autonomy in the areas of management and operation.

Practical measures have been taken to promote reforms in the universities and colleges in the city.

Twenty-one universities and colleges in the city have been permitted to expand cooperation with enterprises and associations to develop education. They may set up training centers and open classes to attract new students, and may set up new disciplines.

These schools may set tuition fees for students enrolled under the state plan and for self-paying students.

Universities and colleges have full autonomy to spend these funds and may set different salary levels for different staff members.

School-run mills or businesses in the city are not required to pay any taxes to local departments other than those stipulated in national tax regulations.

Banks in the city will offer preferential loan policies for universities and colleges, and customs and tax collecting departments will reduce taxes and tariffs on equipment imported from abroad for scientific research.

China has just promulgated a program which sets goals of education development in the 1990s. Under the program universities and colleges will have more autonomy under the guidance of both central and provincial authorities.

China now has 1,075 universities and colleges, with a total enrolment of 2.05 million students.

#### **Education Commission Halts Imposition of Levies**

*HK0103081493 Beijing CHINA DAILY in English  
1 Mar 93 p 1*

[By staff reporter: "Fee Trend Is Called Obstacle to Education"]

[Text] The State Education Commission (SEC) has vowed to put a stop to the trend of charging more fees from primary and high school students.

It called the practice an obstacle to implementing the nine-year compulsory education programme.

In a recent notice, the SEC reiterated that compulsory education students should be exempt from tuition fees, while miscellaneous fees should be reasonable.

No school should collect other fees without governmental approval, according to the circular.

In many schools, students are charged for exams, additional classes, insurance, health-care, heating and other services. These fees often run to several hundred yuan per student each semester, causing a heavy burden on parents, especially in rural areas.

This was partly the reason for an increasing dropout rate, especially in junior middle schools. Last year 5.7 percent of junior middle school students dropped out, 0.32 percent up from the dropout rate of 1991.

To stop the trend, the SEC stipulated that any hike in miscellaneous fees in primary and high schools must get approval of the country or higher level governments, according to sources from the SEC.

The SEC also banned schools from conducting sales promotions and other commercial services as agents of producers and other institutions.

Many schools in China sell reference books, newspapers, magazines and other commodities to students on a commission basis, in an effort to raise educational funds and improve the living standard of teachers.

In 1991, the average income of the 10 million teachers in China's various schools and universities was 11.7 percent lower than the average of employees of State-run enterprises. For those in primary and high schools, the situation was even worse.

In recent years, central and local governments have begun to collect money from all sectors of society for educational development. The SEC stressed that such activities should be conducted only by governments and should not be forced upon students, nor their parents.

The SEC also urged local governments to increase their investment in education and pay more attention to improving the living standard of teachers.

As for students of poor families, the circular said, the miscellaneous fees should be cut or reduced in order to prevent students dropping-out for financial reasons.

#### **Beijing Promises To Raise Pay for Teachers**

OW2602070593 Beijing XINHUA in English 0552  
GMT 26 Feb 93

[Text] Beijing, February 26 (XINHUA)—The Chinese Government has promised to pay teachers as much as workers in state-owned factories.

By 1995, teachers' average income is expected to be higher than the middle social level, according to a policy paper on education reform and development released here today.

The program proposes the establishment of a salary review system which will ensure that teachers' salaries rise in line with improvements in the economy.

"The state will decide the basic salary level for teachers, while local governments can have their own standards," says the policy paper.

It adds that individual schools will be allowed to adjust salary regulations affecting staff.

A Chinese teacher's annual pay was 2,262 yuan (about 400 U.S. dollars) in 1991, 8.7 percent less than that of the average worker in a state-owned factory.

China has 10 million teachers.

#### **'Expert' on 'High Risk' of Contracting AIDS**

HK0103081293 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 0844 GMT 19 Feb 93

[By reporter Shi Chuan (4258 1557)]

[Text] Hong Kong, 19 Feb (ZHONGGUO TONGXUN SHE)—In a long-distance telephone interview with this reporter, an epidemiologist working with the Guangdong sanitation authorities said that because the Chinese Mainland has not set up a nationwide system for detecting HIV in blood donors, there is a high risk of spreading HIV through blood transfusion. Therefore, compared with the United States and other advanced countries, contracting AIDS is easier in the Chinese Mainland. This expert expressed his worries about the situation in the mainland.

It is said that nearly 1,000 HIV carriers have been found in the mainland, much fewer than in the United States. However, though the Chinese are quite conservative about sex, there is a higher chance of them contracting AIDS than in the more permissive United States. This is because, apart from sexual contact, another important way to catch HIV is through blood transfusions. In the United States, because the HIV test is conducted on all blood donors across the country, the danger of catching HIV through blood transfusion is minimal. The Chinese mainland, on the other hand, has not yet set up a nationwide system for detecting HIV in blood donors, creating a very high chance of spreading HIV through blood transfusions. Moreover, disposable syringes are not yet in common use in urban China and traditional reusable syringes are still used in rural areas most of the time. Therefore, the spread of AIDS through contaminated needles and syringes is hard to avoid. Often, recipients of injections have caught sexually transmitted diseases unawares, so it is also highly possible to contract AIDS without being conscious of it.

As to whether or not those who receive spot AIDS tests designed for people entering or leaving China at some ports in Guangdong Province could catch the virus from contaminated needles and syringes, the expert said that the needles and syringes used for the spot tests at those ports are all disposable ones and are put through a rigorous sterilization process. That testes could contract AIDS because of the tests is absolutely impossible. It is

understandable that many of those who frequently cross the border have such misgivings, but fear of the tests is unnecessary.

### Military

#### Beijing University Rescinds Military Training

HK0103003393 Hong Kong MING PAO in Chinese  
27 Feb 93 p 6

["Special Dispatch From Beijing" by special reporter Chung Chi-ming (6945 1803 2494): "Beijing University Rescinds One-Year Military Training Program for Freshmen"]

[Text] With the start of the new semester, Beijing University authorities have announced that the one-year military training program for freshmen, which was implemented in the wake of the "4 June" incident in 1989, will be rescinded. It has been learned that, at a meeting not long ago, Premier Li Peng summoned figures from educational circles to solicit their opinions on the draft of "the Government Report." Many of the participants explicitly criticized the one-year military training program for freshmen.

In the wake of the 4 June incident in 1989, the top-echelon of the CPC gave the order to implement compulsory one-year military training for freshmen in some institutes of tertiary education; Beijing University was the first to implement the order, with all freshmen from the class of 1989 being sent to Shijiazhuang Military Academy to undergo one year of military training. Shanghai's Fudan University followed suit and sent its freshmen to Dalian Military Academy Institute for the training. The military academies in Xinyang and Nanchang have also been receiving college freshmen for training every year. Over the past three years, approximately 7,000 freshmen from Beijing and Fudan Universities have gone through one year of military training. In addition, the state has allotted special funds for approximately 140 institutes of tertiary education to conduct two months of military training for their freshmen, with another 200 tertiary education facilities conducting short-term military training for their freshmen using funds they have raised themselves. Beijing Municipal Government has even spent a huge sum to construct a military training base for college freshmen in the suburb of Changping.

The requirement of conducting military training for freshmen met with strong opposition from the students, their parents, and their teachers from the very start, but State Education Commission officials insisted that this decision of the CPC top echelon could not be changed. Last year, Shanghai's XINMIN WANBAO [2450 3046 2519 1032 NEW PEOPLE'S EVENING POST] carried an article opposing military training, which promptly met with severe censure from Central Committee Secretary Jiang Zemin, who issued an order that similar articles must not find their way into the press again.

Around Teachers' Day last September, when Minister Li Tieying of the State Education Commission made an inspection tour of Beijing University, some professors sent in a petition requesting that the military training requirement be rescinded. At a discussion meeting called by Li Peng not long ago, many famous figures from the educational circles loudly appealed to him to rescind military training.

Figures from the educational circles believed that the most direct negative consequence of military training is that no students are graduating from Beijing University this year; moreover, the number of applicants sitting for college enrollment examinations for Beijing University and Fudan University has continued to dwindle in recent years. The one year of military training has affected the continuity of the students' studies, especially for science majors; the students' originality and independence have been smothered; and the normal order of teaching has been interrupted.

It was learned that the decision to rescind the one-year military training requirement for freshmen was made by the CPC top echelon, through detailed discussions of the State Education Commission and the Central Military Commission. A short-term one-month military training for freshmen is to be reserved, however.

As revealed in the "Outline for China's Educational Reform and Development" promulgated by the Central Committee and the State Council yesterday, institutes of tertiary education will gradually implement the system of collecting school fees. As tertiary education is not compulsory, on principle, students going to college should pay fees. On such grounds, institutes of tertiary education will implement changes in three aspects, specifically:

The structure of the unified enrollment of all students of institutes of tertiary education according to the national plan will be changed, while the combination of a task-oriented national plan and a regulatory plan will be implemented;

The practice of the state taking care of everything concerning students going to college will be changed, while the system of collecting school fees will be gradually implemented; and,

The employment system of college graduates characterized by the state "monopolizing work distribution" and "ensuring their status as incoming cadres" will be changed. The state will make arrangements for the employment of a small number of graduates, but the employment system characterized by a "free selection of professions" will be implemented for the majority of graduates.

The "Outline" stipulates that, over the next eight years, the proportion of expenditure on China's education will be increased by 1 percentage point of the GNP, and it will reach 4 percent by 2000 to improve educational conditions and teachers' incomes.



The "Outline" explicitly stipulates that teachers' income must be improved, saying: Reform the wage system of the educational system, improve teachers' wages to bring teachers' wages largely on a par with workers in the same category in enterprises owned by the whole people. During the Eighth Five-Year Plan, the average wage in the education sector should be higher than that of local workers in enterprises owned by the whole people, and their wage level should be slightly above the average for the 12 trades in the national economy.

It was learned that teachers' income has continually lagged behind in the 12 trades; it ranked the ninth in 1991 and twelfth in 1992.

#### **Military Sciences Academy Adjusts Research Policy**

HK2602144593 Beijing JIEFANGJUN BAO in Chinese 11 Feb 93 p 1

[By reporter Zhao Xianfeng (6392 7145 1496) and special reporter Jiang Wenming (1203 2429 2494): "Academy of Military Sciences Makes Major Adjustments of Military Scientific Research"]

[Text] The crack force in military scientific research of the Army has been shifted to the "main battlefield" of tackling projects of practical significance in order to better resolve major issues in national defense and army building for the time being and to better serve the central task of modernization. This is the new measure adopted by the Academy of Military Sciences for adjusting guidelines for scientific research and reforming research work.

Zhao Nanqi, president of the Academy of Military Sciences, recently announced in a speech: Military scientific research work will follow the principle of "four combinations and four stresses," namely, combining research work with the collection and compilation of historical materials, with stress being laid on research work; combining basic theoretical research and historical research with major practical issues in national defense and army building, with stress being laid on research on practical issues; combining research related to interpretation, reference-making, and generalization with research related to creation and future development, with stress being laid on the latter field; combining piecemeal research on ordinary subjects with systematic research on overall strategic subjects, with stress being laid on the latter field. To ensure implementation of this guiding principle, the academy has adopted a range of reform measures:

First, adjusting the project planning and the proportion of various research categories: Cutting down on long-term and ordinary projects; increasing the proportion of projects concerning major policy issues in national defense and army building and those concerning overall guidelines; reducing projects that require more research personnel, last long, and have no close relation with needs in practice; and postponing some research projects that are not applicable in the near future.

Second, improving methods of scientific research management: Funds are allocated to specific projects with an inclination to those more closely linked to practical needs; egalitarian methods have been changed. Funds for long-term projects are reduced, and funds for projects related to practical needs are increased. At the same time, the editor-in-chief (principal author) system is adopted, special researchers are invited, and liaison personnel are sent to relevant research institutes, thus widely introducing research achievements and personnel from units inside and outside the Army.

Third, modernizing research means, increasing modern research equipment and instruments in a well-planned way, and enhancing the competence and modern scientific and technological knowledge of the research personnel. The academy has planned to send a certain number of researchers each year to study in colleges or to make foreign visits; meanwhile, a certain number of research cadres will be appointed to commanding posts in military units for a certain period.

Fourth, adopting incentive and self-control mechanisms. Awards will be given to people making research achievements, mainly those valuable to the policy-making of the Central Military Commission and the General Staff Headquarters and to army building and military operation. Substantial awards will be given for major achievements to those who make them. The tenure system for professional posts will be strictly implemented. New appointments will be made after the tenure of office expires. Office-holders will be reappointed or promoted if they are found competent, and those who are incompetent will be transferred to professional posts at a lower level. Research cadres who fail to fulfill their assignments for two consecutive years or cannot make research achievements for three consecutive years will not be promoted to higher posts and higher ranks, and will be transferred to other work posts.

#### **Chi Haotian Urges Implementing Deng Thought**

OW2802033093 Beijing XINHUA Domestic Service in Chinese 0530 GMT 26 Feb 93

[By correspondents Yang Lin (2799 2651) and Yan Zhirong (7051 1807 1539)]

[Text] Jinan, 26 Feb (XINHUA)—While inspecting a unit in Shandong recently, General Chi Haotian, member of the Central Military Commission [CMC], pointed out that leading cadres and leading organs must pay greater attention to grass-roots units and do more practical things for them, such as improving the material and cultural lives for grass-roots officers and men to increase their coherence and improve their combat readiness.

Braving chilly winds, Chi Haotian visited a regiment garrisoned by the Huang Hai on 23 February. To have a thorough understanding of the grass-roots unit's military training, political work, and logistic services, he

inspected the regiment's training, living, and recreational facilities. He said to the officers and men: "Defending coastal areas is a very glorious mission, and you should achieve a top-notch performance to live up to the nation's expectations."

Chi Haotian praised the regiment for educating its officers and men on the need for plain living—while improving their material life and living conditions—at a time when the nation is embarked on a drive of carrying out reforms, opening to the outside world, and developing a socialist market economy. He stressed: Servicemen should approach the pay differences between military and civilian departments properly. Under the new situation of reform and opening up, we communists should have a proper concept toward life and values. While helping grass-roots officers and men solve their problems, all leading cadres and leading organs should continue to intensify ideological education among officers and men in order to heighten their sense of responsibility and mission, as well as their readiness for danger in times of peace. The military is duty bound to create an environment facilitating the nation's reform and opening endeavors. We must earnestly implement Comrade Deng Xiaoping's guiding thought for army building during the new period and upgrade army building to a new level by firmly implementing all the requirements set forth by CMC Chairman Jiang Zemin that the military must "be politically measured up, be militarily toughened, conduct itself remarkably, observe strict discipline, and be powerful in defense."

**New Requirements for Ordnance Management Set**  
*HK2602152893 Beijing JIEFANGJUN BAO in Chinese*  
13 Feb 93 p 1

[By special correspondent Zhu Xinjian (2612 2450 1696): "PLA General Staff Headquarters, General Logistics Department Set New Demands on All-Army Management of Ordnance"]

[Text] The People's Liberation Army [PLA] General Staff Headquarters and the General Logistics Department issued a circular a few days ago, setting forth new requirements for the management of ordnance in the future.

Regarding the management of ordnance, the circular pointed out that it is necessary to unswervingly implement the Central Military Commission policy, which focuses on quality, sticking to the criterion of combat effectiveness, taking the "Regulations on Management of Ordnance and Equipment" and "General Rules for Implementation of Scientific, Systematic, and Regular Standards of Ordnance and Equipment Management" as the guide, strictly exercise management over ordnance, and comprehensively upgrade the management of ordnance. Proceeding from the implementation of the three standards for ordnance management, improvement of

ordnance management laws and regulations, maintenance of ordnance in good condition, better management of armories, better managerial and technical quality, improvement of ordnance management facilities, and better use and control of new weapons and equipment, the circular clearly defined the main tasks and targets for ordnance management work in the future.

The circular stressed that leaders at all levels should fully understand the great significance of doing ordnance management work well in the new situation and to regard scientific, systematic, and regular management of ordnance as a long-term task and resolutely overcome the practice of emphasizing sudden checks at the expense of regular ordnance management. It is necessary to firmly foster a sense of law and regulations, exercise management over ordnance in accordance with the law, and check lawless practices. We should inspect and offer guidance on ordnance management, promptly spread advanced experiences, and help units lagging behind change their outlook.

**Navy Implements Examination System for Officers**

*OW2802115193 Beijing XINHUA Domestic Service in Chinese 0231 GMT 18 Feb 93*

["News Perspective" feature by reporter Xu Jingyue (1776 0079 6460)]

[Text] Beijing, 18 Feb (XINHUA)—Today, the officers of China's naval vessels must go through rigorous all-round-training qualification tests to be promoted. The Navy is the first of all the services to introduce this reform, which gives officers the chance to be promoted through fair competition in peacetime.

Currently, troops in all services are eagerly introducing competition mechanisms in the field of training. The General Staff Department stated that in 1993 troops in all services must make full use of means such as inspection, assessment, competition, commendation, and incentives to gradually form an effective system for supervision, competition, and encouragement during training in an effort to encourage the enthusiasm of troops during training.

During his tenure as Navy commander, Vice Chairman Liu Huaqing of the Central Military Commission clearly stated: "From now on, ship captains must go through state examinations." Since then, the Navy has implemented the examination system step by step, and it has constantly refined the system through practice. First, it stipulated that captain trainees can only be appointed as captains after they qualify to operate a ship independently. After this, it implemented the all-round-training qualification tests on single-ship subjects for naval vessel cadres, and it specified that captains, political commissars, and department heads must complete every single-ship subject stipulated in the training program before they can sit for the naval vessel cadre qualification examination. Those who pass will be awarded

certificates, and, in addition to being eligible for promotion, they also will receive material rewards.

This does not mean that those promoted to captain after passing the examination have acquired "an iron rice bowl." The Navy has also introduced spot checks for naval vessel officers, and those who fail these spot checks will be stripped off their qualifications and pay.

The introduction of qualification tests for naval vessel cadres has instilled vitality into the Navy during peacetime, gradually elevated the troops' training standards, and expedited the pace of training in various areas. Most of today's commanders of detachments and groups have been promoted in recent years from among captains with outstanding examination results. The frequency of blue-water training and naval exercises has increased and the scale has grown. The maritime zone has been further expanded, and the capability of naval units to "move, shoot accurately, link up, and combine successively" has improved sharply.

#### **Air Force Commercial Airline To Expand Business**

HK2802083293 *Beijing CHINA DAILY (BUSINESS WEEKLY) in English* 28 Feb 93 p 2

[By Wu Yunhe: "United Airlines To Open Five New Routes and Buy 164-Seat Russian Aircraft"]

[Text] An airline company run by the air force plans to open five new air routes and buy a plane from Russia this year.

Senior colonel Fu Jingang said China United Airlines (CUA) is expected to receive a Tu-154 passenger craft from the former Soviet Union in June.

Fu, vice-president of CUA, told *Business Weekly* the 45-million-yuan (\$7.8 million) deal was the latest in an all-out effort by the air force to convert part of its capacity into civilian transportation.

The company was founded in Beijing in 1986.

The company plans to fly 100,000 more passengers and at least 1 million tons of civilian cargo this year through this development.

It hopes to meet the target by tapping the potential of the company's existing 21 planes and the expected new Tu-154 plane which has a seating capacity of 164.

CUA's present airfleet includes four Boeings, eight Tridents and 10 Tu 154s.

Fu said the planned five new air routes all start from Beijing and fly to Korla, Xinjiang Uygur Autonomous Region, Tonghua, Jilin Province, Wuhu and Nanjing, Jiangsu Province, and Kunming, Yunnan Province.

He added the local governments of these cities are expected to organize some 23 million yuan (\$3.9 million) to back the

civilian infrastructure construction necessary for the airports, which were formerly used for military purposes.

"As the company has only 96 staff, air force personnel will help conduct the radio, radar and celestial navigation for planes on the new routes," Fu said.

"The Chinese air force now boasts China's most advanced technology in this sector, so it is a guarantee for safety in operation."

Since CUA started operation seven years ago, it has never had an accident.

The Beijing-Korla route is expected to improve the local investment climate, as the city in Xinjiang is near the Tarim Basin, where there are large oil and natural gas reserves.

The Beijing-Tonghua route aims to help improve the tourism development between China and South Korea.

CUA has established 27 sub-companies and agencies across the country's small cities, where the transport capacity of the Civil Aviation Administration of China (CAAC) cannot reach.

It has opened 44 routes with 155 flights every week.

The company's current civilian transport only accounts for 10 percent of the country's total, and is not enough to meet the growing domestic demand.

Last year, the company flew more than 400,000 passengers and transported at least 8 million tons of civilian cargo.

#### **Jiangsu Military District Holds Party Session**

OW2502043993 *Nanjing XINHUA RIBAO in Chinese* 13 Feb 93 p 1

[Unattributed report: "Gain a Clear Understanding of the Situation, Set Specific Tasks, and Create New Prospects for the Work of the Provincial Military District"]

[Text] The seventh enlarged plenary session of the ninth provincial military district [PMD] party committee set the following goals for the military district in 1993: strive to adapt to the new situation characterized by an accelerated drive toward reform and opening up and by a socialist market economy, and promote a new stage in building regular and reserve troops, in accordance with the 14th national party congress guidelines, Comrade Deng Xiaoping's thought on Army building during the new era, and the general requirements of Army building as outlined by Central Military Commission Chairman Jiang Zemin. The enlarged plenary session was held in Nanjing 9-12 February. The session conveyed the guidelines of the enlarged meeting of the Nanjing Military Region party committee, reviewed the PMD's work in 1992, and studied and made plans for tasks during the new year.



During the session, Secretary Wei Changan of the PMD party committee delivered a work report on behalf of the party committee standing committee; Chen Chungeng, member of the standing committee and secretary of the PMD party committee discipline inspection commission, delivered a work report on discipline inspection on behalf of the PMD discipline inspection commission. Zheng Bingqing, member of the provincial party committee standing committee and deputy secretary of the PMD party committee, gave a summary speech.

Shen Daren, secretary of the provincial party committee and first secretary of the PMD party committee, attended the session and delivered an important speech. He said: During the past year, the PMD achieved new results and made new progress in all fields of work as it carried out a great deal of productive work under the leadership of the Nanjing Military Region and the Jiangsu provincial party committee. He asked party committees and governments at all levels to show greater concern and support for Army reform and building and to promptly solve problems regarding Army, militia, and reserve building while concentrating on economic construction. Military departments at all levels should take the buildup of primary militia and reserve organs as a long-term task, sharply focus their attention on the central task of economic construction, demonstrate their special skills and strengths, and play a greater role in accelerating reform opening up, and economic construction.

### Economic & Agricultural

#### Commerce Minister on GATT, International Market

HK2702065893 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 0900 GMT 26 Feb 93

[Text] Beijing, 26 Feb (ZHONGGUO TONGXUN SHE)—Chinese Commerce Minister Hu Ping recently pointed out to mainland business circles that, after China resumes its status in GATT, it will face the issue of linking itself with the international market. He also said that, after Hong Kong returns to the motherland, the issue of linking the mainland with the Hong Kong market will have to be considered. He urged mainland business circles to conduct careful studies on these two issues and properly play the card of the Chinese market.

Hu Ping said: Hong Kong business circles have acted sensitively and positively toward Hong Kong's return to the motherland. To prepare themselves for the arrival of 1997, they have drawn closer to the mainland market and have tried to look for trading opportunities on their own initiative. We have learned that Hong Kong's Trade Development Council has organized various kinds of commercial activities for Hong Kong businessmen in many parts of the mainland almost once a week, including providing services, organizing exhibitions and sales promotions, and holding trade talks. The Chinese mainland has become a major element of the Hong Kong Trade Development Council's business development program. In this year alone, the Council plans to carry out over 50 activities in China.

Regarding China's reentry into GATT, Hu Ping told the Chinese business circles not to underestimate their own capabilities. As long as China makes solid preparations, its reentry into GATT will bring more advantages than disadvantages. As China has huge potential, linking the Chinese market with the international market is a mutually complementary two-way process. Moreover, China does not necessarily have to rely on trading to enter the international market; it can also develop nontrading services.

Hu Ping further pointed out: Numerous facts have shown that the Hong Kong market has made full preparations for entering the Chinese market. For example, the commodities they have chosen to promote in China are mostly exquisite products that use new packing technologies such as bar codes. This demonstrates that their starting point is higher than ours, and we should pay close attention to their experience in this area.

Based on this situation, Hu Ping emphatically told the mainland business circles: In our effort to link the Chinese market with the international and Hong Kong markets, we will only be able to play the card of the Chinese market truly well when we face the gaps in quality, managerial standards, and other areas head-on and remain sober-minded when studying and working out strategies to counter these problems.

#### Chen Jinhua Discusses Economic System Reform

OW2702101993 Beijing XINHUA Domestic Service in  
Chinese 1009 GMT 19 Feb 93

[Text] Beijing, 19 Feb (XINHUA)—Chen Jinhua, minister of the State Economic Restructuring Commission, said today that after 14 years of reform, marked changes have taken place in China's economic system. Practice has shown that the path we have taken—that is, expanding regulation by the market and strengthening market mechanisms—is correct. China's economic structural reform is now at a new starting point.

Chen Jinhua made the remarks today when reporting on the reform of the economic system at the 30th meeting of the Seventh National People's Congress Standing Committee. Speaking of specific changes in the economic system, he said: The reform of enterprises, whose focus is to establish an efficient and dynamic enterprise system, has brought about some initial changes in the operational mechanisms of enterprises, making them more oriented toward the market and adapted to competition. We have vigorously cultivated and developed the commodity market and other markets of production factors, lifted price controls over most commodities, removed restrictions on the production and management of those commodities, and made effective use of market mechanisms in distributing resources and regulating the economy. Direct management—its main features include the use of mandatory plans in setting production quotas, allocating investment, approving projects, and distributing resources—has begun to give way to greater

use of economic and legal means in regulating macroeconomic changes. Reform in labor employment, social distribution, and the social security system has facilitated the establishment of a new system based on the principles of competition, equity, and efficiency; the policy of opening up in all domains, at different levels, in a variety of forms, and through multiple channels has enhanced China's economic ties with the world and pushed forward the convergence of China's economic system and mechanisms with the global economy.

While reporting on progress in the reform of China's economic system, Chen Jinhua said: Last year was a most unusual year in the history of China's reform and opening up. With Comrade Deng Xiaoping's talks and the March plenary session of the CPC Central Committee Political Bureau as the hallmarks, China's reform, opening up, and modernization drive have entered a new phase. The objective of China's economic restructuring, as was expressly pointed out at the 14th CPC National Congress, is to develop a socialist market economy. This represents a scientific summation of experience both at home and abroad—especially China's 14 years of reform and opening up—and the latest development of the theory on building socialism with Chinese characteristics.

Under the leadership of the CPC Central Committee and State Council, people across the nation, who have broken the bonds of "leftist" thinking and are working with a freer hand, have done solid work and made notable progress in all lines of work:

- With our attention firmly focused on state-owned enterprises, the large and medium ones in particular, we started transforming enterprise operational mechanisms, pushed enterprises into market competition, and implemented enterprise reform both in scope and in depth.
- We seized the opportune time to speed up price reform and the development of markets. The circulation structure underwent more changes. Categories of goods whose prices are subject to state administration have dropped from 737 at the end of 1991 to 89. Of the total amount of farm product procurement, less than 15 percent is subject to state-set prices. Of the total volume of consumer goods sales and the total sales of means of production (calculated at ex-factory prices), state-set prices account for only 10 and 30 percent, respectively.
- New measures have been implemented to reform the macroeconomic control system and improve its efficiency.
- We gave top priority to reform of the social security system; a general climate conducive to reform of the real estate industry is beginning to take shape.
- We worked hard to implement the idea of science and technology being part of the primary productive forces and made new progress in the experiment of integrating reform of the scientific and technological management system with that of the economic system.
- In rural reform, we focused our attention on the household responsibility system with remuneration linked to output and the development of a collectivized service system. Great efforts have been expended to expand the collective economy.
- Reform and opening up proceeded at a historically substantial depth and breadth, and reform of the foreign trade system was further deepened. Last year, the State Council—while quickening the construction of the Pudong New Area in Shanghai and approving of the establishment of the Yangpu economic development zone in Hainan Province—approved the opening of five riverside cities, 18 provincial capitals, 13 border cities, and 34 ports. A new structure of opening up at all levels and in all dimensions was formed.
- Greater attention was paid to institutionalizing and formulating laws and regulations governing economic operations and administration. Economic legislation was further strengthened in the course of reform.

Chen Jinhua also reported that there are still deeper problems in the economic system that have yet to be solved once and for all: The operational mechanisms of a considerable number of enterprises, especially state-owned large and medium enterprises, are still incompatible with the development of a market economy; the relations between ownership and management of those enterprises have not been straightened out; problems relevant to separating the functions of the government from those of enterprises—including problems related to separating ownership from management—have not been truly settled; many state-owned enterprises are still ill-prepared to take part in market competition; progress has been slow in establishing the marketing of production factors; markets are poorly organized and without adequate rules and regulations; the regional economic blockade, which has yet to be completely dismantled, is impeding the development of a fair, well-ordered, and competitive market system; very little progress has been made in establishing an indirect, macroeconomic control system and in transforming government functions; efforts to readjust the relationships between the powers and interests of government departments have encountered numerous difficulties; strong and efficient means of macro-economic administration have yet to be developed; relations in distribution are not well-balanced and problems such as egalitarianism and excessive distribution of national income have yet to be effectively overcome.

#### Prohibition Lists for Imports, Exports Amended

OW0103093393 Beijing XINHUA in English 0901  
GMT 1 Mar 93

[Text] Beijing, March 1 (XINHUA)—China starts to implement new lists of goods prohibited or limited for import and export today.

An order for the lists' publication was signed by Qian Guanlin, director of China's General Administration of Customs.

The order also announced the annulment of the former lists of the kind, which went into force November 1, 1987.

The newly amended list prohibits the import of such things as various weapons, emulation weapons, ammunition and explosive articles; printed matter, films, pictures, discs and movies deemed harmful to China's political life, economy, culture and ethical morality; various deadly poisons and narcotics; animals, plants and concerned products which embody dangerous germs, insects and other harmful living beings; and foodstuffs, medicines and other goods deemed harmful to the health of people and domestic animals, possible carriers of disease or coming from areas hit by epidemic diseases.

The list also prohibits the export of all the above-listed goods; manuscripts, films, tapes and other documents concerning state secrets; precious cultural relics; and rare animals and plants which are near extinction including specimens and their seeds and breeding materials.

Another new list is expected to restrict China's import of wireless radio receivers and senders and confidential telecommunications machines; tobaccos, cigarettes and alcohols; rare animals and plants which are near extinction including concerned specimens and their seeds and breeding materials; Chinese currency and other goods limited by customs from import.

The list is also expected to control the export of precious metals and concerned products including gold and silver; Chinese currency; foreign currencies and securities; wireless radio receivers and senders and confidential telecommunications machines; precious traditional Chinese medicinal materials; cultural relics and other goods limited by customs from export.

There are two points improved upon in the new list: the prohibition of import and export of emulation weapons; and the limitation of Chinese currency for import and export, now set within 6,000 yuan (about 1,053 U.S. dollars) instead of the former absolute prohibition of Chinese currency import and export.

#### **Vice Minister on Overseas Institutional Reform**

HK2702081693 Beijing GUOJI SHANGBAO in Chinese  
13 Feb 93 p 1

[By reporter Zheng Zhihai (6774 1807 3189) and Xu Chongshan (6079 1504 1472): "Vice Minister Wu Yi Calls For Reform of Economic and Commercial Institutions Stationed Abroad and For Taking the Road of Jointly Developing Stronger Economic Relations and Trade at a Meeting of Economic and Commercial Counsellors Stationed Abroad, Which Was Held by the Ministry of Foreign Economic Relations and Trade"]

[Text] The world-famous achievements of China's foreign economic relations and trade work have been the product of painstaking efforts by comrades working in China's overseas economic and commercial institutions, said Wu Yi, vice minister of foreign economic relations and trade, at a meeting of economic and commercial counsellors posted abroad on 11 February.

To conscientiously implement the spirit of the 14th CPC National Congress and comprehensively sum up and arrange for the work of China's overseas economic and commercial institutions, the Ministry of Foreign Economic Relations and Trade [MOFERT] held a meeting in Beijing for economic and commercial counsellors posted abroad, the largest of its kind since 1985.

The meeting was presided over by MOFERT Minister Li Lanqing and was attended by comrades in charge of the relevant departments of the MOFERT and the State Council. Vice Minister Wu Yi said at the meeting: China's overseas economic and commercial institutions have served as an economic and trade bridge between China and the host countries, have played an important role in promoting China's economic and trade relations, and have contributed to implementing China's diplomatic policies and its foreign economic and trade policies. They have also helped promote the development of China's external relations. Although they have weathered drastic domestic and international changes, the broad masses of cadres posted abroad have adhered to the principles, have enhanced their belief, have shown their love for both the motherland and socialism, have safeguarded the dignity of the motherland, and have demonstrated lofty consciousness and patriotism. They have worked and lived under complex and arduous conditions, even under conditions of war. Many of them have sacrificed the joy of a normal family life. Some of them have even been physically injured and mentally affected and have laid down their precious lives. We will forever cherish the memory of and learn from those comrades who have made selfless contributions to the cause of China's economic relations and trade.

An important topic for discussion at the meeting was studying and working out a reform plan for China's overseas economic and commercial institutions. Wu Yi noted: In accordance with the requirements for both economic structural reform and foreign economic and trade structural reform, China's foreign economic relations and trade work should embark on a road leading toward enhanced cooperation and coordination among different types of professional work and the "stronger economic relations and trade" that result from concerted efforts. To this end, China's overseas economic and commercial institutions must correspondingly carry out reform. In a sense, this reform is nothing more than a continuation of the readjustment and streamlining process that has been going on in some overseas institutions over the past few years. Moreover, this reform, which should be richer in contents and more extensive and profound in scope, will also become an important aspect of the political structural reform that is currently being



undertaken in the foreign economic and trade field as well as an important component of the ongoing macroscopic foreign economic and trade management structural reform and optimization process.

Wu Yi summed up the principles for reform as follows: 1. to contribute to speeding up reform and opening up and expanding foreign economic and trade exchanges; 2. to conform with the needs of building a socialist market economic structure and furthering economic and trade structural reform in a way which is conducive to promoting China's foreign economic and trade relations in accordance with standard international trade practices; 3. to contribute to implementing to the letter China's diplomatic policies, its economic and trade policies and principles, as well as its specific economic and trade policies for specific foreign countries and regions; 4. to comprehensively implement all central policies regarding institutional reform, and make reform plans conform to the principles and provisions formulated by the central authorities and departments concerned; and, 5. to contribute to improving the work efficiency of overseas institutions.

To implement reform plans to the letter, Wu Yi called on all economic and commercial institutions stationed abroad to focus on the following: First, investigation and study work, this being a task of utmost importance for all economic and commercial institutions stationed abroad, and, second, the work of comprehensively promoting economic and trade relations with host countries with a view to fully implementing the market pluralization strategy. It is also necessary to step up such functions as macroscopic coordination, management, and services; to exercise political leadership over all personnel working in China's overseas institutions; to guarantee the smooth implementation of China's economic and trade policies in these institutions; and to ensure operational coordination among China's economic and trade enterprises in the host countries. It is essential to carry out quality control; coordinate relations between Chinese and foreign enterprises; coordinate, manage, and guide production and operational activities of all types of Chinese enterprises in the host countries; and provide efficient information services to both Chinese and foreign enterprises. China's overseas economic and commercial institutions also shoulder the heavy duty of publicizing and implementing China's policies to aid foreign countries. Wu Yi emphatically stated that, because cadres are the key to successful work in all economic and commercial institutions stationed abroad, it is necessary to make strenuous efforts to improve the political and professional quality of all cadres stationed abroad.

#### 1993 Economic Growth Set at 8 Percent

HK0103102693 Hong Kong WEN WEI PO in Chinese  
21 Feb 93 p 3

[Dispatch by staff reporter Chen Chien-ping (7115 1696 1627)]

[Text] Beijing, 19 Feb—According to an authoritative source here, when talking a few days ago about economic growth for 1993, a senior central leader said the central authorities had tentatively set the country's economic growth rate at 8 percent this year. Of this, the industrial output value will increase by 14 percent and the industrial composite economic results will increase by 5 percent. However, the central authorities stress that no uniform growth rate will be set for all parts of the country.

The authoritative source quoted the senior central leader as saying: Now the central authorities and the country as a whole are clear about the need to have an active economic growth rate. All localities should proceed from the reality and strive to attain a fairly high growth rate which has high quality, yields good returns, and is in keeping with market changes. Without a certain growth rate, it will be impossible to attain a new high. We should not be afraid as long as this speed has high quality, yields good returns, and is in keeping with market changes.

On China's recent development situation, the senior central leader gave the following assessment: The coastal regions, which are relatively emancipated ideologically, have taken bigger strides; the central regions, however, seem to be anxious. He said: We must admit differences. Even in Western countries, the growth rates are different and there are also differences in different parts of a developed country. Therefore, the central authorities will not set a uniformed growth rate for all provinces, municipalities, and autonomous regions, but call on them to suit measures to local conditions.

Referring to the requests made by the central inland regions to set up special economic zones, the senior leader said: The setting up of special economic zones has a certain political implication. The central authorities are very clear about this, and it is impermissible to randomly set up a special economic zone at any place. When we set up the Shenzhen Special Economic Zone [SEZ] many years ago, we had the Hong Kong issue in mind, and we had the Macao issue in mind when we set up the Zhuhai SEZ. Shantou is a nationally influential native place of overseas Chinese. Xiamen is related to the Taiwan issue. Hainan Island was added at the last moment because it also had specialties.

The senior leader said: The central authorities want to remind all localities that, on the issue of opening up to the outside world, we should see not only the present, but also the future in a down-to-earth way.

Therefore, in developing joint venture projects, we do not necessarily pursue the number, but should pay attention to the their significance. Since we want to develop joint ventures, we should have the decent ones. For example, on the issue of setting up development zones, we do not carry out reform and opening up for the sake of these development zones. Only when we clearly understand this truth can we conduct reform and opening up in a down-to-earth way.

**'Most' State Firms To Enter Market Economy**

HK0103062593 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1108 GMT 26 Feb 93

[By reporter Sun Yongliang (1327 3057 5328)]

[Text] Beijing, 26 Feb (ZHONGGUO XINWEN SHE)—China's Commerce Minister Hu Ping said here today that he would plunge most of the government-run companies under his jurisdiction into the "sea."

The Ministry of Commerce has just founded another four companies. Hu Ping said this today during the inaugural ceremony for these companies. He said: Today people are referring to doing business as "going swimming in the sea," but this is not an appropriate use of this term. In fact, "going swimming in the sea" should mean plunging into the ocean of the market economy.

Hu Ping said: Many government-run companies have still not changed their status. When under public ownership in the future, most of the existing commercial enterprises will have to switch over to a new ownership system and be turned into companies that are different from government-run companies. They will be even more obviously different from the kind of "new companies" known as "profiteers."

Hu Ping demanded that the newly founded companies work very hard to invigorate themselves and that they explore sources of income on their own and operate without the help of government intervention. The practice of setting only one foot into the "sea" with the other foot standing on the shore will not get them anywhere, he said.

The minister gave four pieces of advice to the four new companies founded today. First, self-reliance and -strengthening; second, running business by exploring intellectual resources; third, taking human resources as the key factor, making friends, and making use of information; and fourth, being brave in starting new enterprises and tapping the latent potential of Building No. 45 (Ministry of Commerce headquarters).

It has been reported that, as the Ministry of Commerce has increased its pace of reform in recent years, some new types of state owned enterprises have been set up. Some companies that used to take charge of planning and control and operate much on a government-controlled basis in the past have been transformed into economic entities that practice independent accounting, operate on their own, and assume full responsibility for profits and deficits. Today, they are joining to form groups of companies and are striving for modernization.

The four new companies founded today, Huafu [5478 1318] Trading Company; Shangdi [0794 0966] Real Estate Company; Xinliang [2450 5328] Storage, Transport, and Trading Company; and Jianong [0163 6593] Industrial Trading Company, are to deal in foodstuffs and cereals shipments, properties, and other businesses respectively. All the companies are to combine the operations of industry, technological development, and

trading, with a registered capital of several ten million yuan each. If we include these new companies, the Ministry of Commerce now has a total of 19 large companies under it.

**'Sources' on Focus of Economic Structural Reform**

HK0103112093 Hong Kong MING PAO in Chinese  
22 Feb 93 p 9

[By special correspondent Ching Chi (5427 2765): "Economic Reform Will Reach a High Tide This Year With the Emphasis on Lifting Controls on Prices and the Market"]

[Text] According to sources in Beijing's economic circles, in 1993, China's economic structural reform will reach a high tide, and the reform will be focused on lifting controls over prices and the market, rationalizing property rights relations in enterprises, and changing the means of macroeconomic regulation and control.

Reportedly, many major measures for thoroughly decontrolling prices and the market will be adopted in 1993. They will include the further adjustment of the prices of energy products, raw materials, and transportation services, which are the key area of state control; the thorough decontrolling of the prices of all industrial consumer goods; and the further relaxation of control over the prices of such major agricultural products as grain, cooking oil, and cotton.

In such circumstances, commodity exchanges, futures markets, and companies dealing in commodity futures will certainly appear and develop. Then, the current local blockades and departmental separation in China can hardly be suited to the developing situation.

In the aspect of rationalizing property rights relations in enterprises, the mainland Chinese authorities will expand the scope of the pilot schemes for the joint-stock system among the enterprises, and will promote various forms of mergers to ensure that the enterprises will actually have decisionmaking rights in personnel management, employment, investment, and foreign trade.

According to sources, the State Commission for Economic Restructuring is now joining hands with other departments concerned in reorganizing the Shanghai Petrochemical Factory and eight other major enterprises in light of the joint-stock system, and the pilot schemes include the issuance of shares in these enterprises to the public and the listing of such shares on overseas stock markets.

In the aspect of reforming the means of macroeconomic regulation and control, there will be another round of "relaxing" and "tightening" control, but the adjustment will be made according to economic regularity and according to relevant laws and regulations rather than administrative orders and government plans.

At present, the mainland is carrying out the pilot schemes of "separating tax payments from profit delivery," "distributing tax revenue," and collecting value-added taxes. The reform of the financial and taxation system will be further expanded in order to protect the investment, production, and business operation of the enterprises and the localities and to increase the government's revenue.

Along with reforms in the three main aspects as mentioned above, corresponding changes will occur in the banking and finance industry, social insurance, and the real estate industry. In China, the secondary bond market will become brisker, and the government will also allow more companies to have their shares listed on the stock exchanges. The state will more effectively check the drainage of proceeds from land transactions in the real estate industry. The reform of the housing system will change the current low-rent system. Various insurance systems, including those for unemployment, industrial accidents, and medical care will also be rapidly built up along with the development of reform. The economic structure in the Chinese mainland as a whole will be further oriented to, and based on, the market.

#### **Economist Urges Changes in Government Functions**

HK0103062293 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0343 GMT 26 Feb 93

[By Zhou Jianmin (0719 1696 7044)]

[Text] Beijing, 26 Feb (ZHONGGUO TONGXUN SHE)—During a special interview with this reporter days ago, Yong Peixin, a famous economist and researcher in the State Council's Development Research Center, expressed the hope that deputies and members of the Eighth National People's Congress [NPC] and the Chinese People's Political Consultative Conference [CPPCC] will seriously discuss the transformation of government functions with the aim of establishing a socialist market economic structure, and he also proposed some practical and feasible measures to deepen reform and "separate government administration from enterprise management."

Yong Peixin said that the purpose of establishing the socialist market economic structure is to turn most state enterprises into vigorous commodity producers and traders so that they will become the main component of the market. To achieve this end, enterprise operational mechanisms must be transformed. To smoothly transform enterprise operational mechanisms, there is a need to change government functions and to return to enterprises the powers which they are entitled to. In transforming government functions, efforts should be made to change government organizations, streamline administration, and "pull down the temples and remove the deities."

Yong Peixin added that enterprise autonomy remains difficult to implement although the State Council has

promulgated the Enterprise Law, contract ordinances, and regulations on the transformation of the operational mechanisms of state industrial enterprises. The main reason is that government functions have not been transformed and government organizations have not streamlined their administration.

Yong Peixin told this reporter that the prolonged implementation of a planned economic structure has caused an over-staffed administration in China's administrative organizations. According to statistics, the State Council has more than 170 permanent and nonpermanent organizations, including ministries, commissions, and offices, and almost 40 million people throughout the country "live on government grain." Streamlining administration has been introduced seven times since the founding of the PRC, but government organizations and administrative personnel have increased. All of this resulted from the implementation of the planned economic structure. Due to the implementation of highly centralized mandatory planning, all central departments required localities to establish subordinate units to exercise direct command. This caused a huge expansion in administrative organizations. These "deities," big and small, have formulated all kinds of regulations to bind enterprises hand and foot. As a result, when an enterprise wishes to carry out technical transformation it must be examined and approved by dozens of government organizations, and its documents will bear dozens and even hundreds of seals of this approval. This is a waste of time and effort.

Yong Peixin said that the establishment of a market economic structure requires the formation of streamlined government organizations which can delegate powers to lower levels, exercise macrocontrol, and relax microcontrol. Therefore, in transforming government functions, there is a need to streamline administration and to "pull down the temples and remove the deities." This should proceed from central government organizations.

Yong Peixin pointed out that streamlining central departments will promote the streamlining of local administration and will also help solve enterprise organizational reform. Therefore, he called on NPC and CPPCC deputies and members to pay attention to this problem and to make up their minds to help streamline administration and transform government functions.

Yong Peixin further pointed out that it is necessary to prevent some departments from turning some of their sections and bureaus into "companies under different names," which have both administrative and operational powers, and to prevent them from withdrawing enterprises' powers to exercise unified management over their human, financial, and material resources: their production, supply, and marketing; and their domestic and foreign trade. He pointed out this is strengthening the planned economic structure in the name of the market economy. This must be stopped.



Yong Peixin concluded that Deng Xiaoping has said that "reform is a revolution." Streamlining administration and "pulling down the temples and removing the deities" is a "revolution" carried out against the government itself under CPC leadership. This will certainly involve some departmental and individual interests. Therefore, contradictions, resistance, and friction will be inevitable. We should be fully prepared mentally for this. NPC and CPPCC deputies and members should display their role in the supervision, participation, and deliberation of state affairs; raise practical and feasible measures; and make efforts for the early transformation of government functions and the establishment of a socialist market economic structure.

**'Experts' Urge Prevention of 'Overheated' Growth**  
OW2802130193 Beijing BEIJING REVIEW in English  
No 8, 22-28 Feb 93 p 4

[Article by Jin Qi: "Preventing an Overheated Economy"]

[Text] The views of financial experts and economist on the 12 percent economic growth China experienced in 1992 fall into three different categories. The first is that the economy is already overheated and needs to be cooled down. The second view maintains that the economy is operating normally, that it is not overheated. The third opinion states that although the economy is operating normally in the main, it is showing symptoms of overheating which should be guarded against. The third view is the most convincing one and has been accepted by the central government.

The main arguments in support of the third view are as follows:

—Overall demand in China outpaces overall supplies by a margin only slightly higher than necessary, which is approximately 5 percent. Supply and demand are by and large balanced in all areas except communications and transport, called bottleneck industries because shortages in these areas severely hamper national economic development. Product sales are also fairly good. The average product turnover rate in stores dropped from 36.1 days in late 1991 to 31.6 at the end of last year, a level close to normal.

—Of the economic growth in 1992, about 60 percent were boosted by non-state-owned sectors (including urban and rural collective sectors, the individual sector, and private and foreign-funded sectors). The remaining 40 percent were promoted by the relatively steady development of state-owned sectors. The potential of many large and medium-sized enterprises has not yet been fully tapped. Of the 1992 economic growth approximately 60 percent was stimulated by rapid increases in investment demands, the remaining 40 percent by steadily growing consumer demands. But development was uneven. In some regions, primarily coastal areas, growth exceeded the national average. The growth rate in Jiangsu Province was 27

percent, in Guangdong it was 18.7 percent, in Zhejiang 17 percent, Shandong 16.9 percent, Fujian 16.3 percent and in the city of Shanghai it was 14.4 percent. Growth rates for most inland provinces and prefectures, however, were below 10 percent.

—The balance of payments was basically normal. At the end of 1992, the state's spot exchange reserves were still hovering around the US\$20 billion mark, where they had been early in the year. Foreign exchange in the hands of enterprises, individuals and banks, however, increased markedly. The state's total foreign exchange reserves stood at approximately US\$50 billion at the end of the year.

—Prices rose 5.3 percent in 1992, slightly less than the projected 6-percent rise. Price rises in large and medium-sized cities, however, hit 10 percent, showing an increase in inflationary pressure.

—Rapid economic growth during 1992 followed in the wake of a three-year effort to improve and rectify the national economy after an earlier reduction in the speed of development, so the growth is restorationist in nature. However, some noteworthy problems exist. For example, supplies of currency and credit far exceed projections, the current scale of capital construction is too large and there is an inordinate amount of investment going into fixed assets. These problems have caused a shortage of funds, huge increases in the prices of raw and semi-finished materials, and strains on the communications and transport and power supply systems. In rural areas, there was a tendency to neglect agricultural production, increasing the burden on farmers. In some places, land more suitable for agricultural production was indiscriminately used to develop the real estate industry or turned into development zones.

This analysis shows that cooling down the economy this year is out of the question. But the symptoms of overheating must not be treated lightly. Li Guixian, state councillor and president of the People's Bank of China (i.e., the Central Bank), recently said the credit and monetary issues should be kept under strict control this year. But, he added, this does not mean the money supply needs to be cut back.

Li explained that the bank's monetary and credit program, which is structured around this year's economic plan, is designed to encourage moderate growth. The credit scale is actually larger than it was last year. More loans will go to agriculture, especially grain production, and to efforts to increase input in bottleneck industries like energy resources, transportation, communications, and raw and semi-finished materials production.

Experts say that even while state-owned enterprises are undergoing further reform and invigoration, an 8 percent economic growth rate is all but guaranteed, and 10 percent is highly possible in 1993 if the macro-economy is properly controlled.

**Government To Use 'Fine-Tuning' To Slow Economy***HK2702044693 Beijing CHINA DAILY in English  
27 Feb 93 p 1*

[By staff reporter Xie Liangjun: "'Fine-Tuning' Will Avoid Overheating"]

[Text] The Chinese Government, hoping to repeat last year's 12 percent growth rate in the gross national product, plans to start "fine-tuning" the economy to prevent a possible overheating, while keeping a steady pace of progress.

Gan Ziyu, Vice-Minister of the State Planning Commission, told Chinese and foreign journalists yesterday in Beijing that the government will take more economic and legal measures and use market mechanisms to avoid the overheating.

But he ruled out possibilities of resorting to administrative means to curb economic growth.

Gan said the Chinese economy now is not overheated, although there are some signs of overheating.

He said the Chinese economy this year is projected to grow around 8 percent but its actual growth rate can be greater.

The vice-minister said that, in the 1990s, top priority will be given to adjusting and optimizing the structure of industrial production.

He said China will continue to develop agriculture and water conservancy projects, to maintain steady growth of high-yield and high-efficient agriculture, and to promote overall development of rural economy.

It will also develop basic industries and infrastructures, and build key projects in such areas as coal, oil, transportation, energy as well as the petrol-chemical industry.

Gan predicated that China's foreign trade volume will grow by more than 11.5 percent annually in the 1990s.

During the years running up to 1995, the country expects to import raw materials, equipment and technology worth a total of \$350-400 billion.

Gan said that in order to further improve Sino-US trade, China will this year continue to send missions to the United States to buy products such as automobiles at the request of the Americans.

**Industrial Efficiency Increases 'Steadily' in 1992***OW2802120593 Beijing XINHUA in English 0752  
GMT 28 Feb 93*

[Text] Beijing, February 28 (XINHUA)—China's industrial efficiency picked up steadily alongside the rapid growth of industrial production last year, according to information released by the State Statistics Bureau today.

But industrial efficiency was still relatively low in comparison with development of production and therefore to some extent affected the operation of the whole industrial economy.

The comprehensive index of economic returns of independent accounting industrial enterprises across the country was 89.45, an increase of 5.6 over the previous year.

Industrial enterprises, including those run by townships, created additional industrial output value totalling 755 billion yuan last year, up 20 percent over the previous year. Their sales income reached 2,458.7 billion yuan, up 24.3 percent, and the amount of tax and profits climbed to 273.7 billion yuan, up 23.4 percent.

Generally speaking, there were no new stockpiles of products last year.

According to the bureau, money-losing enterprises, mostly in industries of coal, oil, tobacco and national defense, lost a total of 441.16 billion yuan last year, almost the same as the previous year.

**Report on Role of Small, Medium Enterprises***OW2802193193 Beijing XINHUA in English 1506  
GMT 28 Feb 93*

[Text] Beijing, February 28 (XINHUA)—China's small and medium-sized enterprises have achieved remarkable progress in the last decade and been playing an increasingly active role in China's economy.

Statistics show that at present the output of these enterprises is valued at 70 percent of China's total gross industrial output and hiring stands at about 80 percent of all China's employees, far outpacing that of large state-owned enterprises.

Rural enterprises, private firms and collectively-owned enterprises have witnessed a boom in the past decade. Now there are some 19 million rural enterprises, producing an annual output value of 1,650 billion yuan and hiring more than 100 million laborers. Private enterprises have developed from none to 139,000 in the decade.

An international small and medium-sized enterprise symposium will be held here in early March this year to solve newly existing problems in these enterprises such as the backwardness of their technology and management and outdated equipment.

**Incentives To Spur Growth of Smaller Enterprises***HK2702050693 Beijing CHINA DAILY in English  
26 Feb 93 p 2*

[By staff reporter Wang Yong: "Freer Rein Granted to Small Businesses"]

[Text] China will give more freedom to its small and medium enterprises to sustain fast national economic growth.

Government officials revealed a package of incentives for the sector yesterday as a prelude to the opening of a world convention of small and medium enterprises in Beijing on March 3.

The selection of Beijing as the venue for the first time signals a growing interest among the world's entrepreneurs and policy masterminds in the dramatic development of China's smaller enterprises, especially township ones.

Chen Yaobang, vice-minister of the Ministry of Agriculture, will speak on where China's smaller enterprises should be heading.

Analysts say international participants could be stumped on the question of how smaller enterprises, most of them privatized in other countries, have sprouted under the socialist system in China.

China has been cautious about espousing privatization, which has partly precipitated the former Soviet Union into chaos.

But China's new measures give the green light to private small businesses.

They can engage in the manufacturing and trade of all but a few industrial products and materials controlled by the State.

Private businesses can also invest or trade overseas, as well as set up cooperative ventures with foreign partners.

Moreover, smaller businesses as a whole are set to benefit from new government policies.

The government is believed to be taking further measures to support township enterprises, the mainframe of China's smaller ventures.

The measures cover a wide range of sectors, including finance, export, sales, tax and raw materials.

Small and medium industrial enterprises made up 97.1 percent of the country's 420,000 businesses above the county level in 1991. Their industrial output that year accounted for 68.5 percent of the nation's total.

Smaller enterprises have so far absorbed 78 percent of the workers in the country's industrial enterprises.

Ninety percent of China's ventures with overseas funds are small ones.

Township enterprises, run by rural businesses, have until now made up about a third of the country's annual industrial output and absorbed half of the redundant rural labourers.

Officials warn that while giving priority to the renovation of the teetering large State-owned enterprises, China

has to face the fact that a powerful economic performance could turn out to be naught if the smaller but more active set is ignored.

Despite their hectic development, these smaller enterprises have lacked co-operation with each other or with the State's industrial development priorities.

**Computer Industry Works Toward Self-Sufficiency**  
*HK2802083193 Beijing CHINA DAILY*  
*(TECHNOLOGY SUPPLEMENT) in English*  
28 Feb 93 p 2

[By Wu Yunhe: "China's Intention Is: Go It Alone by 1995"]

[Text] China's computer industry is closely watching the government's moves to enter the General Agreement on Tariffs and Trade, as it worries its slight foothold in overseas markets will be lost to foreign rivals.

The industry is urging the State to grant it priority in using hard currency for import of the latest computer technology, said a senior official.

Chen Shukai, general secretary of the Chinese Computer Federation (CCF), told Business Weekly that the industry now is keen to develop its computer software.

All the steps the industry has taken aims to honing its competitive edge, because it has to face intensified competition when the China joins Gatt, the official noted.

Last year, the gross sale of computers and software totalled some 20 billion yuan (\$3.5 billion), but the majority of these products were produced by foreign ventures and sold domestically, he added.

In China, there is little leading edge equipment, no automated manufacturing and few top-of-the-line computers. Instead there are tough import restrictions, limited currency and a market that has not fully opened.

But China does have one advantage over the rest of the world as it tries to build its own computer industry; the ability to throw millions of people onto a project.

He urged the State to pay primary attention to the industry's future development, and invest heavily to allow Chinese computer makers to participate in foreign-invested ventures.

Both systematic and applied software are to be the top items on the agenda of a development strategy for the next few years, Chen said.

The country should also open its computer market wider and reduce restrictions on foreign imports in bids to lure foreign companies to introduce more of their latest technology to the domestic computer industry, he added.

Chinese computer makers—there are now 180—need to be macro-regulated by the government for rational



development through streamlining industrial structure according to market change.

China has built 20 mini-computer production lines, with an annual production capacity of 150,000 to 200,000 units.

However, the industry only produced 60,000 to 70,000 mini-computer units last year, because of an influx of foreign up-to-date products on the domestic market.

From software to workstations, legions of college-educated and under-employed Chinese engineers spend their time tinkering either to create new products or copy existing ones.

More than 600,000 personal computers and minicomputers were in use in China last year.

In fact, China did spend large sums of its foreign exchange for the imports of advanced technology from the United States, France, Japan and Singapore.

From 1981 to now, it used more than \$4 billion yuan to import foreign computers and relevant technology involving hardware and software.

The computer business is a major piece of the government's Eighth Five-Year Plan to be virtually self-sufficient in high technology by 1995.

In the next three years, Chinese factories plan to manufacture more than five million terminals, one million hard disk drives, two million keyboards, and 1.5 million personal computers.

#### **Vice Premier To Supervise 'Key' Railway Project**

*HK2802083093 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 28 Feb 93 p 8*

[Article by Xie Yicheng: "Zou Heads Key Rail Project"]

[Text] An ambitious rail-building scheme is being launched to lay China's longest and most costly railway, the Beijing-Kowloon Railroad.

The 2,500-kilometre project is considered to be vital if China is to solve a transport bottleneck.

Although on average every Chinese made less than one trip by train last year, trains in China are undoubtedly one of the most crowded in the world. Passengers are sometimes lucky to find a seat in the smelly and dimly-lit passenger cars.

The importance of the project, which is scheduled to be operational in two years, is highlighted by the fact that Vice-Premier Zou Jiahua has been put in charge.

The Ministry of Railways has already set up a good many key control projects involved in the scheme, and 100,000-200,000 workers and engineers are likely to work on the line during the peak construction period.

The price tag of the whole railway is a whopping 21 billion yuan (\$3.6 billion). The central government will foot 70 percent of the bill and the remainder will stem from provinces along the line in return for priority use of the railway.

The line is to run between the current Beijing-Shanghai and Beijing-Guangzhou railways—and will be capable of serving a population of 440 million in the nine provinces and municipalities that it crosses.

By the end of this year, the ministry will have laid 370 kilometres of track on the line.

At the same time, spade work is also speeding up elsewhere on double-tracking the existing Lanzhou-Urumqi line in the northwest, building the Nanning-Kunming line in the southwest, constructing a coal transport line from Shenfu Coalfield in Shaanxi Province to Huanghua Port in Hebei.

Han Zhubin, Minister of Railways, recently unveiled this year's bold programme for laying 2,320 kilometres of new track, tripling the length completed last year.

The programme involves a total investment of 21 billion yuan (\$3.5 billion), the highest one-year investment ever in the industry.

Analysts say a series of moves indicate China's paralyzed rail system is ushering in an era of "historic development."

The government has taken determined action to ease congestion on the existing rail link to match the robust growth in the national economy.

During the Spring Festival holiday, the country's 53,890-kilometre railway network is crowded with people. Passengers can hardly reach the toilet.

Passengers flood into railway stations and are often stranded for days at stations.

The recent influx of millions of rural labourers from Sichuan, Hunan, Anhui and Jiangxi provinces to seek jobs in Guangdong, Shanghai and other cities has increased the pressure on railway transport.

A dozen desperate travelers were alleged to have "set themselves free" by jumping off trains because of overcrowding, thirst and hunger.

Many passengers cannot control their tempers and sometimes even bring the train attendants to tears.

"The crux of the matter is that limited investment and rising construction costs in the past have left China's railway development lagging far behind economic progress," an expert with the ministry pinpointed.

In the past year the nation's industrial output value jumped by 20.8 percent 1991—in sharp contrast to a 3-percent growth rate in railway freight volume.

The Beijing-Guangzhou, Beijing-Shanghai, Lanzhou-Lianyungang and other trunk lines are all running at full capacity and a further 24 bottlenecks are clogging the system.

The railway system can only move 73,000 freight cars a day, but the nationwide demand is 120,000 cars. The shortage sometimes means delays for Chinese exporters.

The production quota of a long list of materials vital to the national economy and people's daily life has to be set according to rail capacity.

The shortage of coal and other fuel has forced the booming eastern coastal regions to cut or delay industrial production.

It is reckoned that the country incurs 400 billion yuan (\$66.7 billion) worth of output value losses annually from energy shortages stemming from rail transportation problems.

Similarly, about 800,000 travellers have to make the journey by train without a seat every year.

Railways are responsible for 70 percent of total freight and 50 percent of passenger turnover in China.

As 20,000 cargo trains and 2,000 passenger trains roar down China's rail lines every day, the train interval on major trunk lines is less than 10 minutes, also unprecedented worldwide.

#### **'Pen Talk' Stresses Importance of Agriculture**

HK0103061493 Beijing RENMIN RIBAO in Chinese  
22 Feb 93 p 5

["Pen Talk on Arming the Whole Party With Deng Xiaoping's Theory on Building Socialism With Chinese Characteristics" by Sun Wensheng (1327 2429 4141), deputy secretary of the Hunan CPC Committee: "Do Not Forget Agriculture, the Foundation—Studying Comrade Deng Xiaoping's Expositions on Agriculture and Peasants' Problems"]

[Text] In Comrade Deng Xiaoping's works, there are many theses on the capital importance of the issue of agriculture and the peasantry in the new period. Studying these important theses is of great guiding significance for our correct understanding of the strategic importance of agriculture, for the effective protection of peasants' interests, and for promoting the healthy development of rural reform and the socialist market economy.

#### **Agriculture Should Be Placed in Its Proper Position**

Comrade Deng Xiaoping said: "When handling the overall economy, we should place agriculture in its proper position." This is a scientific conclusion drawn from a correct analysis of our national conditions. Ours is a developing country, with peasants making up 80 percent of the population. This is a characteristic that we

must consider when striving for modernization. First, the development of agriculture is the foundation for economic development as a whole. The situation of agricultural production has a direct bearing on the nation's economic development. Comrade Deng Xiaoping said that if any problems affect our country's economic development, that would first be "agriculture and mainly the problem of grain. If any twists and turns occur in agriculture, the situation may not be restored in three to five years." If the situation in agricultural production is not good, we will have to import large quantities of grain, and this will affect the speed of economic growth. Second, agricultural development is a precondition for social stability. "Whether China enjoys stability will depend on whether this 80 percent is stable or not. No matter how beautiful the cities are, the country will not be stable if there is no stable foundation in the countryside." If agricultural production develops well, peasants and rural areas will enjoy stability. This means the majority of the nation will live in stability, and it will be easier to keep the whole country stable. In short, the stable development of agriculture is the foundation for the stable political, economic, and social development of the whole country. Therefore, he repeatedly stressed: "Agriculture is the foundation that must not be forgotten."

This requires us to first place agricultural development in a position of primary importance in economic work. Strategic consideration should be given to agricultural development, and there should be a comprehensive plan and a general objective. The general objective is to raise grain output by the year of 2000 to 480 billion kg. Therefore, we must adopt effective measures for achieving this objective and must guarantee grain production. Second, all trades and industries should support agriculture and create favorable conditions for agricultural development. Industry should serve agriculture. "It is a major task for industry to support agriculture and promote the modernization of agriculture." "Industrial cities should bring along nearby rural areas to develop their economies, and help them develop small-scale industrial production and improve agricultural production." All sectors of society should take developing agriculture as their own task and should fulfill the task of supporting agriculture properly.

At present, it is necessary to reiterate that agriculture is the foundation for the whole economy. In some localities, some comrades incorrectly think that our agriculture has become strong enough, after seeing bumper harvests for several consecutive years, and thus have begun to neglect agriculture. This tendency should arouse our serious attention. We should be clearly aware that the proportion of total agricultural output value in GNP is getting lower, but this in no way means that agriculture has lost its importance in the national economy. On the contrary, "the more developed industry is, the more necessary it is to place agriculture in the top position." We must firmly adhere to the principle of taking agriculture as the foundation for the

economy in the whole course of our country's socialist modernization, and there must never be the slightest vacillation.

#### **The Key Lies in Arousing the Peasants' Initiative**

Comrade Deng Xiaoping holds that fully arousing the initiative of the peasant masses is the key to developing agricultural productive forces. When talking about rural reform, he said: "We should first resolve the rural issues, adopt policies for enlivening the economy and opening the countryside, and arouse the initiative of 80 percent of the population."

Marxism holds that working people constitute the most important and more active factor in the productive forces. Socialism full of vigor is created by the people on their own. The initiative and creativity of the people is the major source of power for the vigorous development of the socialist cause. The party's rural policy is effective in promoting the high-speed development of the rural productive forces, because it represents the interests of the vast peasant masses and arouses their enthusiasm for production. In 1978, Comrade Deng Xiaoping concretely analyzed the ways to arouse the peasants' initiative, pointing out that there are two fundamental ways: first, to respect their rights to self-determination in production and management. "After a production team has the right to decide production and management, cadres and team members will not sleep well when they find that a spot of land or a stretch of water surface has not been used to grow crops or breed fish. They will use their brains to work out methods." "A major point of our experience gained from reform in these years is to first arouse the peasants' initiative by making devolving powers." Second, guarantee peasants' economic interests. Historical materialism holds material interests constitute the motive power for people's action, and people's initiative cannot be separated from their material interests. "For a small number of advanced elements, it may not be necessary to stress material interests; for the broad masses, material interests may be cast aside for a certain period, but things will never do if their material interests are neglected over a long time." "It is an approach of idealism to neglect material interests." Only by setting great store by and actually guaranteeing the interests of the peasant masses can we arouse their work enthusiasm. These ideas of Comrade Deng Xiaoping have become an important guideline for our country's rural reform, and have played an extremely important role in promoting our country's agricultural development.

It should be noted that, at present, prominent problems harming peasants' interests and affecting and dampening production enthusiasm still exist widely in the countryside. For example, it is difficult for peasants to sell agricultural products, especially grain. Prices of agricultural products are too low, the IOU phenomena exists to a serious degree, some measures aimed at benefiting peasants cannot be actually put into practice, and the unhealthy practice of imposing various levies on peasants still prevails, thus adding to their financial burdens.

All these problems have directly harmed peasants' immediate interests and have caused resentment among them. If such problems are not solved properly we will not be able to keep peasants' work enthusiasm stable, and agricultural production will be in danger of declining. Therefore, all party comrades should be fully aware of the seriousness of the problems and should take resolute and effective measures to protect peasants' interests and further arouse their production enthusiasm, thus guaranteeing the sustained development of agriculture and the rural economy.

#### **Agricultural Development Relies on Policies and Science**

Comrade Deng Xiaoping pointed out: "Agricultural development first relies on policies and second on science." A correct policy arouses the peasant masses' production enthusiasm, and science and technology enhances their ability to get rich. They are the two wheels for advancing our country's agricultural development.

Since the Third Plenary Session of the 11th CPC Central Committee, the party and the state have formulated a series of specific policies for developing agriculture around the general policy of "reform, opening up, and economic invigoration." These policies have greatly aroused the peasant masses' initiative and have brought about the invigoration and prosperity of the rural economy as a whole, thus effectively promoting the development of agricultural production in our country. After the 14th party congress, the spring tide of developing the rural market economy has begun to surge, and this shows that our country's rural reform has moved onto a new stage. To develop the rural socialist market economy, we must properly solve a series of policy issues, including pricing policies for agricultural and sideline products, a policy for quickening the development of high-efficiency farming, a policy for the development of township and town enterprises, and a policy for fostering a rural market system. Comrade Jiang Zemin recently pointed out that the general guidelines for price and circulation reforms related to agricultural and sideline products should be to decontrol prices, decontrol management, establish a "market-formed pricing" mechanism, rationalize price parities, give play to the role of the law of value and meet its requirements, promote the development of agricultural and sideline products and the transformation of the product structure, give play to the competition mechanism and the incentive mechanism in the market, and ensure that they can effectively play a role. At the same time, the state will also set up a macroeconomic adjustment and control system by making use of such economic levers as taxation, credit, and financial means; establish reserve, storage, and transport systems for major agricultural products; build up a multitiered market system; and develop a guarantee mechanism. All these reform policies and measures will certainly give a strong impetus to the development of agriculture and the rural economy in our country.



Advanced science and technology can enhance labor productivity and promote the development of agricultural production. If we do not rely on the strength of science and technology and only rely on the peasant's enthusiasm, agriculture cannot develop at a high speed. Only by combining the application of science and technology with the peasant enthusiasm can we promote the sustained development of agricultural production. Comrade Deng Xiaoping said: "The development of science and technology is boundless, and its role is also boundless. Great potential can be tapped from the improvement of seeds, the application of fertilizers, and the diversification of operations." "In the future, the fundamental way to develop agriculture will be to rely on bioengineering and other advanced technology." This shows that the scope of application of science and technology to agricultural production is very broad, and this is not merely an issue of realizing farming mechanization. At present, the conditions for fully realizing farming mechanization are still not ripe in the country as a whole. In such circumstances, we should broaden our vision and thinking in the field of developing agricultural science and technology and should make more efforts to improve seeds, fertilizers, animal fodder and to improve the ecological environment for agricultural production. "It is necessary to make great efforts to strengthen agricultural scientific research and train research personnel. We must rely on science to raise yields per unit area, diversify production, reform cultivation methods, solve the energy problem in the countryside, and protect the ecological environment." Comrade Deng Xiaoping also pointed out that science and technology constitute the primary factor of the productive forces, thus proving the great significance of science and technology for accelerating agricultural development. According to Comrade Deng Xiaoping's thought, our party has formulated the development strategy of using science and technology to promote agriculture. This is not only the basic orientation of agricultural development in the contemporary world, but is also a basic guarantee for realizing socialist agricultural modernization in our country. The development of the rural socialist market economy has set forth new requirements for the application of science and technology. Work to enhance workers' competence, in mastering market information, upgrading products, and increasing competitive power cannot do without science and technology. Science and technology can help bring about competent personnel, good product quality, and high economic efficiency. At the same time, science and technology will also enter the market in order to be better applied to the field of production and to play a role as the primary factor of the productive forces. Therefore, in the course of developing a rural market economy, we must never neglect science and technology. We must properly organize scientific research, especially those major research projects related to agricultural production; we must properly promote the application of research achievements by organizing peasants to learn practical scientific agricultural knowledge and master useful advanced techniques; and we must properly use science and technology to run more

fertilizer plants, feed plants, and seed companies. Only by giving full play to the role of science and technology can we guarantee that agricultural development in our country will move onto a new stage and will thoroughly change the backward condition of our countryside.

#### 'Commentary' on Developing Grain Markets

HK2602141393 Beijing LIAOWANG in Chinese No 52,  
28 Dec 92 p 16

["Short Commentary" by Xu Mou: "It Is Necessary To Be Active and Safe—Commenting on Stepping Up Development of Socialist Market Economy in Grain"]

[Text] China has taken fairly big strides in its reform of the grain circulation system in recent years. In 1992, in particular, the pace of reform was evidently accelerated. A national conference on grain work, which was held in Beijing not long ago, made thorough studies on reforming the grain circulations system and all grain work under the new situation, and relayed an important policy decision by the State Council. The task currently facing the country's grain front is to resolutely put into practice the following important State Council policy decision: act in line with the general goal put forward by the 14th party congress to set up a socialist market economic system, seize the present advantageous opportunities, expedite development of a socialist market economy in grain, relax controls over grain prices and operations under the macroeconomic control and regulation of the state, and take further steps toward the direction of turning grain products into commodities and of operating the grain system according to market needs.

To this end, first of all we need to seize the present opportunity, characterized by rich harvests in successive years and large stocks of grain, adopt a positive approach, speed up our efforts to relax controls over grain prices and operations, and strive to completely lift control throughout the country in two or three years time.

By a positive approach, we mean that it is the most important thing to positively remove the numerous obstacles erected by planned purchases and marketing by the state. Under the product economy and planned economy systems, grain was the only thing subjected by the state to planned purchase and marketing in the most thorough and comprehensive manner. Such a system used to play an important role and had an historical necessity. Moreover, since this system has been carried out for nearly 40 years and has undergone constant improvements, we can well say that the positive side of this system has been brought to its fullest play. Such historical success has given rise to inertia both in ideology and work, and it has tended to give people the impression that work can be done smoothly and efficiently using the old system, while troubles might crop up in carrying out the new socialist market economy in grain. As a matter of fact, the disadvantages of the old system have already been fully revealed. The biggest

disadvantage is its failure to guide peasants in the most effective way and to react flexibly to changing social needs. The second disadvantage is that since state-run grain departments monopolize grain operations, it is impossible for them to sense the pressures of acute market competition; as a result, they will not take the initiative to improve operations. The fact that peasants and grain departments in many localities are currently plagued by the overstocking of early-season indica rice has thoroughly exposed the disadvantages of the old system. Since it has caused huge losses to and given rise to many problems in China's grain production, consumption, and circulation, as well as to the country's finances, the old system has to be changed.

In fact, over 400 counties in China with a total population of nearly 200 million have relaxed their controls over grain prices, accounting for nearly 20 percent of China's counties and population. Such moves have not given rise to big problems; on the contrary, it has given a certain impetus to reforming the entire national economic system. This fact indicates that grain circulation restructuring is heading in the correct direction.

Secondly, reform of the grain circulation system needs to be carried out steadily. We should admit that it is not difficult to relax controls over grain prices and operations. What is difficult is to ensure a steady grain supply after controls are relaxed. To this end, we need to first of all carry out our work in an orderly way under unified leadership, and secondly, work out a series of support policies and measures as guarantees.

Why? Because grain is a special commodity. Man regards grain as a basic means of subsistence. In a large country such as ours which has a large population, little farmland, and low per-capita grain reserves, we cannot be too careful in handling the issue of grain. Obviously, it is incorrect to negate the commodity nature of grain, and then proceed to negate in various ways efforts to suit grain circulation to market needs. On the other hand, it is equally incorrect to negate the fact that grain is a special commodity, to equate grain with other commodities, and to relax the controls over grain rashly and let things run their course.

By urging people to work step by step under unified leadership, we mean that controls can be gradually relaxed in an orderly way on a prepared basis. Different provinces can make their own policy decisions, that is, some of them can make an early decision while others can make up their mind at a later date. We should give full consideration to the burden bearing capabilities of all sides, and take into account the respective interests of producers, consumers, and operators.

By a series support policies and measures, we mean that it is most important to draw up support policies and measures which ensure we can conduct effective macroeconomic control and regulation in a deregulated grain market. Conducting macroeconomic control and regulation in grain is a system project, which can only be

accomplished by applying comprehensive policies and measures in a well-coordinated way. Among these policies and measures, the most important ones are listed below:

—It is necessary to adopt various preferential methods and policies and to continue to support grain producing areas to promote grain production in the direction of high yields, fine quality, and high efficiency. Generally speaking, the state will continue to place purchase orders, yet it will use the method of guaranteed quantities at floating prices and prices will be decided by the market. In places where the practice of placing purchase orders has already been abolished, the state should also sign purchase contracts with peasants. Such a move is beneficial to keeping control over stable grain sources, to safeguarding the interests of peasants, and to providing peasants with correct information. To prevent a surge in grain prices and the phenomenon of "cheap rice brings losses to our peasants," governments at all levels should, if necessary, work out the lowest protective price and the highest selling limit for grain purchases; in addition, they also need to undertake their corresponding financial responsibilities.

—Efforts should be taken to strengthen the cultivation and development of the grain market. We should continue to improve the three-level market system which takes national-level wholesale markets as the lead, regional wholesale markets as the main body, and basic-level rural markets as the basis. To this end, we need to work out rules and regulations, such as "the Grain Law" to bring grain market transactions into a legalized and standardized orbit.

—A guarantee mechanism is indispensable. This mechanism mainly refers to the grain reserve system and risk foundation system. We should be soberly aware that efforts to deregulate grain prices and operations have not gone through the trials of calamities and contingencies. Therefore, we should leave ample room for any contingency.

—Strides should be taken to strengthen the building of major grain circulation channels, that is, state-run grain enterprises. This means that we should create a necessary and flexible environment for state-run grain enterprises to change their operational mechanisms as soon as possible. We should strengthen economic ties among state-run grain enterprises, organize and set up enterprise groups, and bring the overall superiority of state-run grain enterprises into play.

The grain market economy constitutes an important part of the entire socialist market economy. It can be predicted that, during the course of establishing the socialist market economic system, we can surely accomplish significant reform of the grain circulation system.

# **Commentary on Regulating Agriculture**

OW2802050493 Beijing XINHUA Domestic Service in Chinese 0321 GMT 27 Feb 93

[Commentary: "Regulate Agriculture by Deepening Reform"]

[Text] Beijing, 27 Feb (XINHUA)—The State Council recently convened the first national meeting since the PRC's founding, to announce its grain production and marketing policy at which orders for grain were placed. At the meeting, it released a series of measures for boosting the reform of the grain purchasing and marketing system, and for stimulating the steady development of grain production. This means regulating agricultural development in our country by deepening reform. This method shows that China's agriculture has made an historic step forward in its transition toward a socialist market economy.

Last year was China's fourth bumper harvest year since 1989. The current supply of principal agricultural products is abundant, thus effectively ensuring thriving and brisk markets in urban and rural areas. Nevertheless, despite the excellent situation, some problems which merit our attention have emerged in rural areas. The following are the main problems: The difficulty in selling grain; peasants are being given IOU's; peasants are being hurt because of the low price of grain; the peasants' burdens are increasing, not decreasing; the burden of the principal grain-producing areas and of grain departments is too heavy; and in some areas, phenomena such as discontinuing farming contracts, abandoning farmland, reducing farming investment, and extensive methods of cultivation, have appeared. At the same time, grain purchasing and marketing prices have been decontrolled in many places across the country. Faced with this change, many peasants do not know what to grow and what not to grow because they are not acquainted with the market and therefore, are unable to promptly obtain correct information about market demands. Confronted with this phenomena, people are exploring a deep seated problem: How to protect grain grower's economic interests and production enthusiasm; how to provide peasants with accurate information; and how to prevent the massive decline in grain production, and to maintain the balance of grain supply and demand.

The party Central Committee and the State Council have adopted measures to cope with the situation. Instead of using the old methods and the means of administrative orders, they have adhered to the reform direction of developing a market economy, and have exercised macrocontrol in accordance with the characteristics of agricultural production and the law of economics. First, the method of allocation of grain to the provinces which used to be done under the central allotment plan has been changed to direct contact between a grain-producing area and a grain-marketing area. Under this method, both sides sign contracts in accordance with supply and demand. This method has

basically remedied the dislocation between production and marketing, and enabled a producing area to know, at the beginning of the year, the quantity, variety, and quality of grain a marketing area needs. Moreover, this makes it possible to sign a contract with peasants before production, thus enabling them to take the initiative in arranging production according to demand.

Second, the state took various actions and adopted a series of policies to protect the peasants' interests and enhance their confidence in growing grain before they planned their production. The state's actions and policies included setting and publishing this year's protective grain prices, the increased amount of cash payment in lieu of promised chemical fertilizer and diesel oil, and the maximum prices of major agricultural capital goods; reducing the tax rates for agricultural, forestry, and rural indigenous products; setting up a state fund for risks in grain production; and providing state support for economic development in principal grain producing areas. This method of using economic means to transform the state's macro-objective into conscious action readily accepted by peasants to firmly and steadily steer agriculture toward the market is in essence an innovation and is progress in the area of macrocontrol of agriculture in our country.

The 14th CPC National Congress put forward the reform objective of building a socialist market economy system. The road leading to agricultural modernization and enabling China's peasants to lead a fairly comfortably life is to find a concrete way for the countryside to move toward the socialist market economy, to actively develop a socialist market economy in the countryside, and to further emancipate and strengthen its productive forces. This is a new major problem confronting the party and government in their rural work. To develop a market economy in the countryside, it is necessary to have free markets and free business operation so that the peasants conduct production in accordance with market demands; to successfully reform the prices of farm and sideline products, it is necessary to decontrol prices and to gradually establish the mechanism of "allowing the market to determine prices"; and it is necessary to form a multichannel, open, and efficient network for market circulation with few links. At the same time, it is also necessary to establish a new macrocontrol system through deepening reform. During the transition from the planned economy, which was practiced in China in the past, to a socialist market economy, it is necessary to provide peasants with correct guidance. This is a new task. The task by no means reduces the responsibilities of governments at all levels, nor does it simplify macrocontrol. Instead, it requires that governments at all levels change their functions; consciously apply such economic levers as the law of value, information, policies, prices, credit, finances, and taxes; and apply the economic strength of the state to effectively and correctly regulate the market in order to maintain the balance of supply and demand of farm products. Never again should governments at any level resort to the past method of



regulation exercised through simple planning, hastening planting and harvesting, and administrative orders. It is reasonable to say that the series of moves taken by the State Council has laid down the foundation for establishing a new regulatory system for agriculture.

China has a vast territory and huge population. Agricultural production conditions differ in various areas. To strengthen its macrocontrol ability and ensure the steady development of grain production, the central authorities have decided to change their past practice of monopolizing everything, to allow grain to be managed at different levels, and establish two regulatory systems at the central and provincial levels. In this way, there will be clear duties, clear priorities, division of responsibilities at different levels, and contacts among various levels. This will form the organic entity of China's new system for regulating grain production and marketing. All areas should seize the opportunity created by the State Council's new moves; follow the general plan of the central authorities; take local conditions into consideration; and explore ways to establish a new system for regulating agriculture, while deepening the reform and opening to the outside world, to protect peasants' production enthusiasm and bring about the steady development of agriculture.

#### Commentary Reports on Spring Farming Situation

OW2802223393 Beijing XINHUA Domestic Service in Chinese 0215 GMT 22 Feb 93

[Commentary by XINHUA reporter Ma Chengguang (7456 2052 1639): "Everybody, Let Us Make Genuine, Concerted Efforts—On the Situation of Spring Farming"]

[Text] Beijing, 22 Feb (XINHUA)—Making arrangements for spring farming has been the first thing many provinces, municipalities and autonomous regions have done after the Spring Festival. These places have taken many measures to ensure, support, and promote agricultural production, striving to be well prepared in advance with regard to collecting information, as well as dispatching cadres, scientists and technicians to rural areas and allotting capital and supplies wherever they are needed. While northern China is still chilly in spring, people can noticeably feel the warmth of the season with the beginning of spring farming.

Since last December, the CPC Central Committee and the State Council have made several decisions on strengthening the role of agriculture and solving problems in rural areas. While such outstanding problems as peasants' excessive burdens, relatively low returns from agricultural production, difficulties in acquiring certain production materials and selling their products, and the issuing of "IOU's" in lieu of cash payments have been alleviated in varying degrees, they never have been really resolved. Thus, as soon as spring began, local authorities, acting on the guidelines laid down in the decisions of the CPC Central Committee and the State Council, exerted genuine efforts to deal with such problems, considering

their long-range needs but starting with immediate issues. Consequently, spring farming this year has the following conspicuous features:

More money was allotted for production earlier than before. After deciding that it would increase agricultural loans by more than 30 billion yuan this year, the Agricultural Bank of China extended a total of 15.8 billion yuan in January alone. This sum, which accounts for over one-half of the money to be extended this year, was also 4 billion yuan more than that extended during the same period last year. Departments in charge of production materials have also been competing with each other in delivering supplies to rural areas. So far they have already delivered 30 million tonnes of chemical fertilizer to the front of spring farming, and large shipments of plastic sheeting and agricultural chemicals have been delivered or are being delivered to rural areas. This year, seed departments have prepared 330 million kg of seeds of major crops and hybrid rice and 840 million kg of hybrid corn. Aside from being more than enough for production needs, the quantity of quality seeds has also increased substantially. In view of the fact that some peasants cannot afford the materials they need, departments in charge of production materials in some localities have taken flexible measures to encourage purchases—such as allowing credit purchases and subsidizing prices, as well as delivering goods to the users—so that the peasants can use the supplies in a timely manner. Making early preparations and providing good services are the main theme of this year's spring farming.

Problems in the fall must be dealt with at the beginning of the year. Dealing with problems obstructing agricultural development is one measure certain areas have taken this year. This is noticeably different from what they did in the past. In the past, the several major problems in rural areas all erupted after the autumn harvest. The phrase "squaring accounts after the autumn harvest" has become a hard syndrome to eliminate. Thus many places have tried to deal with problems that might occur in the fall—problems such as peasants' heavy financial burdens and difficulties selling grain—soon after the spring farming began. This is what many places in Shandong, Hubei, Liaoning, and Jilin have been doing. For example, the city of Xiangfan in Hubei has taken these measures to reduce peasants' burdens: 1) Allowing village cadres to set up enterprises to earn their own salaries, so that they need not depend on the peasants; 2) encouraging agriculture-related departments to operate their own businesses so that they can support themselves instead of seeking peasants' support; and 3) replacing peasants' share of labor services with measures whereby peasants can purchase stocks with labor services. In this way the peasants can increase their incomes and also produce with higher enthusiasm. Meanwhile, since early 1992, these places have effectively dealt with difficulties selling grain by sending a mammoth contingent of 200,000 peasants to elsewhere in the country to promote sale. Facts shows that dealing with problems in

the fall when it is still spring is a good way to help peasants overcome their "farming problems."

Owing to the profit-oriented conduct encouraged by the market economy, investment will inevitably be diverted to industries that yield higher returns. This is extremely unfavorable for agriculture, especially grain production, which yields relatively low returns despite its high social benefits. To deal with this problem, many provinces, municipalities, and autonomous regions intensified their macroscopic regulation and control as soon as spring farming began. While developing high-yield agricultural production of quality products that yield high returns according to market demand, they also consider local

conditions and do what is appropriate and within their capabilities to avoid dramatic fluctuations in grain production.

According to an authoritative source in the Ministry of Agriculture, in order to preserve grain producers' production enthusiasm, the state will provide greater support for projects to improve conditions essential for grain production; provide the peasants with even better seed strains and farming techniques; and exercise effective regulation and control over the grain market, so that grain production will yield relatively higher returns.

The whole year's work depends on a good start in spring. As long as we start to work hard in spring, we will be able to take the initiative of this year's production.

### East Region

#### Jiangxi Leaders Address Politics, Law Meeting

HK2602152993 Nanchang Jiangxi People's Radio Network in Mandarin 1100 GMT 22 Feb 93

[Text] From 18 to 20 February, a provincial work meeting on politics and law was held in Nanchang. Implementing the spirit of the 14th CPC National Congress, further strengthening and reforming work of politics and law, and striving to push the work to new heights this year were the main topics of discussion of this meeting.

Mao Zhiyong [provincial party secretary], Liu Fangren, Zhu Zhihong, Shu Shengyou, Wang Zhaorong, and others attended the meeting. Responsible comrades of the provincial Higher People's Court and People's Procuratorate were also present at the meeting.

Mao Zhiyong spoke at the meeting. He pointed out: Last year, under the unified leadership of local CPC committees and governments, departments of politics and law of the province made great achievements in their work. They maintained political and social stability of the whole province to vigorously promote economic development. It is necessary for us to sum up our work of last year. In accordance with the spirit of the national work meeting on politics and law, they must continue to maintain our province's political and social stability in light of our practical reality and on the existing basis.

Zhu Zhihong delivered a report entitled "Taking the Spirit of the 14th CPC National Congress as a Guideline, It Is Necessary To Further Strengthen Work of Politics and Law Amid Reforms." Zhu Zhihong stressed: In 1993, departments of politics and law at all levels must emancipate their minds, be bold in carrying out reform, and further strengthen the work of politics and law in reform and building of the legal system, consolidate the function of the people's democratic dictatorship, resolutely deal blows at various criminal activities to provide economic construction, reform, opening up with legal service through various changes and in all directions create fine social environment. He urged strengthening work in various quarters to resolutely deal blows at sabotage by the hostile forces and to further maintain the present political situation of unity and stability. It is necessary to implement in an overall manner measures for comprehensive management of social security and to continue to carry out the struggle against severe crimes with emphasis on crimes which cause serious harm. It is necessary to deepen the struggle against larceny. It is necessary to take severe measures to forcefully strike blows against and ban the ugly phenomenon of prostitutions, patronizing prostitutes, and so on. It is necessary to deal firm blows at economic crimes, and place our emphasis on the struggle against corruption and graft. It is necessary to strengthen the work of investigating, trying and dealing with commercial criminal cases involving large-scale tax evasion, smuggling, profiteering, fake trademarks, counterfeit and shoddy goods,

and others. It is necessary to optimize legal services and to strengthen law enforcement work. Departments of politics and law at all levels must follow a guiding principle of placing equal emphasis on dealing blows and regulation, give full play to their role of regulating economic relations, strengthen trial of economic and civil cases, promptly try and deal with various kinds of cases involving economic disputes. It is necessary to strengthen the reform and development of the departments of politics and law themselves, increase their sense of providing more services, and form leading bodies well at all levels. It is necessary to administer our police force strictly, set strict demand on it, and manage and train it strictly.

The meeting was presided over by Wang Zhaorong, deputy secretary of the Commission of Politics and Law under the provincial CPC Committee. Chen Wenhui, deputy secretary of the Commission, relayed the main spirit of the national work meeting of politics and law, and gave a brief summary of the meeting.

Those who attended the meeting also included: members of the provincial CPC Committee Commission of Politics and Law and the provincial Committee for Comprehensive Management of Social Security; leaders in charge of the work of politics and law from various prefectural and city CPC Committees, CPC Committees of districts directly under cities, county-level city CPC Committees; responsible comrades from the Commissions of Politics and Law under prefectural and city CPC Committees; and comrades from the Central Discipline Inspection Commission.

#### Shanghai Opens Agricultural Capital Goods Market

OW2602145393 Beijing XINHUA in English 1408 GMT 26 Feb 93

[Text] Shanghai, February 26 (XINHUA)—East China's Shanghai city opened a market for agricultural capital goods here today.

It is the fourth such market-price institution set up in the coastal city, following the Shanghai Stock Exchange, metals exchange and coal exchange.

The goods include fertilizers, pesticides, plastic sheeting and farming machinery.

The exchange will engage in both futures and spot trading. It is under the control of the state Ministry of Commerce and the Shanghai Municipal Supply and Marketing Cooperative.

The non-profit organization took in its first group of 34 registered members today.

China has released controls over the prices of major capital goods such as coal, grain, oil and metals, in order to establish a new, competitive market system. Markets for capital goods have been opened in Shanghai, Zhengzhou, Chengdu and Wuhan cities, and more are planned.



## Central-South Region

### Guangxi Adopts Measures for Impoverished Areas

HK2602151193 Nanning Guangxi People's Radio  
Network in Mandarin 1130 GMT 22 Feb 93

[Text] Last year, marked growth in various economic targets was attained in the autonomous region's 49 poor counties and cities in the impoverished areas. The total industrial and agricultural output value reached 18.2 billion yuan, that of township and town enterprises registered 4.2 billion yuan, local financial revenue came to 1.15 billion yuan, and the total grain output exceeded 4.58 billion kg, increasing by 11, 55, 0.2, and 2.1 percent over 1991 respectively. The per capita possession of grain was 301 kg and rural per capita net income came to 468 yuan, increasing by 1.3 and 13.3 percent over the previous year respectively.

A total of 1 million poor people across the autonomous region have solved the problem of having enough to eat and wear, an increase of 500,000 people as compared with the previous year. Up to now, a grand total of more than 6 million poor people in the rural areas throughout the autonomous region have crossed the line of having enough to eat and wear, and the impoverished area has reduced by 54 percent. The 49 impoverished counties in our region are mostly concentrated on the areas of calcareous sandstone, with a large population, scanty cultivated land, and abominable ecological environment.

To lead the masses in the impoverished areas to explore new ways of supporting the poor and developing the economy, on the basis of conscientiously summing up experience of work to support the poor and develop the economy during the Seventh Five-Year Plan, the party committee and people's government of the autonomous region made a decision on work to support the poor and develop the economy during the Eighth Five-Year Plan period early last year, calling on party committees and people's governments at all levels to continue adhering to the principle of laying stress on economic development and to concentrate efforts on storming the heavily fortified position for solving the problem of securing adequate food and clothing.

Moreover, the following four measures were adopted: 1) Taking firm control of farmland capital construction and increasing grain output through application of science and technology in a bid to raise the level of per capita grain possession; 2) positively developing pillar industries to increase the income of the masses; 3) continuing to hold fast to the practice of providing relief in exchange for work to create favorable conditions for economic development in poverty-stricken areas; and 4) intensifying the leadership of storming the heavily fortified position for securing adequate food and clothing.

The leaders of the autonomous region often went down to the poverty-stricken areas to conduct investigation and study and, proceeding from reality, worked out policies and measures to support the poor. It is decided that two support-the-poor and development centers be

established along the You Jiang and the Hongshui He. Last year, more than 3,400 organs directly under county and city authorities at autonomous regional level were linked up with more than 3,300 impoverished villages for the endeavor of getting rid of poverty, and the linkage will not be lifted until these villages rid themselves of poverty. This has given impetus to the economic development in impoverished areas.

### Henan Secretary Addresses Judicial Work Meeting

HK2602145593 Zhengzhou Henan People's Radio  
Network in Mandarin 2300 GMT 19 Feb 93

[Excerpts] Yesterday, provincial party Secretary Li Changchun stressed that in the new historical period, judicial departments at all levels throughout the province must conscientiously implement the guiding principle of doing two types of work simultaneously and attaching equal importance to both. They must take effective measures to maintain political and social stability to provide guarantees for reform, opening up, and the establishment of a socialist market economic system.

Li Changchun made the above-mentioned remarks when he was meeting with responsible comrades from some cities, prefectures, and units directly under the provincial authorities who attended a provincial judicial work meeting. [passage omitted]

In his speech, Comrade Li Changchun said: Doing two types of work simultaneously and attaching equal importance to both is an important part of building socialism with Chinese characteristics, and a basic requirement for upholding the party's policy of one center, two basic points. It is a demand of social reality, and an inexorable choice of the laws governing social development. Without the guarantee of political and social stability, it will be impossible for us to reach new economic heights and attain the strategic target of boosting the economy with speed and efficiency to a higher level than the national average, or to reduce the population growth rate to a level below the national average. Judicial departments, as a tool of the people's democratic dictatorship, must implement the guiding principle of doing two types of work simultaneously, attaching equal importance to both, and maintaining political and social stability in the entire process of building socialism with Chinese characteristics.

Li Changchun pointed out that the provincial CPC committee was satisfied with judicial work in the province last year. However, we must also realize that the problem of social security is still a hot issue to which the masses have reacted strongly. Therefore, we must persist with the principle of cracking down hard on criminal activities and severely punishing criminals. With regard to those heinous criminal activities which directly harm society and the safety of the masses, we must promptly crack down on them according to the law. [passage omitted]

Comrade Li Changchun also called on CPC committees at all levels to strengthen leadership over judicial work.

He also urged judicial departments at all levels to strengthen their own construction, study the new situation, solve the new problems, and regard the principle of the three benefits as the yardstick for assessing their work. They must organically integrate enforcement of the law with the implementation of party policy to provide more effective and comprehensive legal services for reform, opening up, and economic construction.

#### **Governor Enunciates Hunan's Economic Targets**

*HK2602151293 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 22 Feb 93*

[Text] At a Hunan Province meeting of commissioners, chiefs of autonomous prefectures, mayors, and county chiefs convened on 22 February, Governor Chen Bangzhu set out the work targets for this year.

Provincial GNP will exceed 100 billion yuan, an increase of more than 10 percent, total agricultural output value will increase 5 percent, total industrial output value will increase 15 percent, value added by tertiary industry will increase 20 percent, the total output value of township and town enterprises will reach 70 billion yuan, foreign exchange earnings from exports will exceed 14 percent, financial revenue will increase 8 percent, the per capita net income of peasants will reach 800 yuan, and the natural growth rate of the population will be controlled at 10 per thousand or below. In the meantime, substantial progress will be made in structural readjustment, and economic results will be greatly enhanced.

Governor Chen believes that to achieve these targets, the most important thing is to thoroughly understand and conscientiously put into effect the spirit of seizing opportunities to accelerate development and simultaneously keeping a sober mind to prevent an overheated economy, as has been put forth by the central authorities. We must concentrate our efforts on doing our work at high speed and with good quality. To this end, Governor Chen Bangzhu proposed that a consensus be further reached in the following aspects: 1) We must not waver in our determination to seize opportune moments to speed development; 2) we must always take "one readjustment and two enhancements" as our basic idea of economic development and really make the readjustment of structure and the enhancement of quality and economic results run the entire course of economic construction; and 3) we must emancipate our minds, seek truth from facts, unite to forge ahead, do solid work earnestly, and vigorously overcome bureaucracy and formalism so as to effect an actual implementation of work and reap actual results.

At the meeting, Governor Chen Bangzhu also set forth several major issues that will have an impact on the overall situation of the national economy, which should be attended to with great effort. That is, we must readjust, transform, consolidate, and enhance primary and secondary industries; really assign agriculture with the paramount position of all economic work; relax controls on operations and firmly push agriculture into

the market through structural readjustment; and at the same time, really safeguard peasants' interests and protect and mobilize the initiative of the vast numbers of peasants. In industry, we must work hard to achieve synchronous growth in production and economic results, hold fast to readjustment of the product mix, promote the readjustment of enterprises' organizational structures, and bring about the enhancement of product quality. Meanwhile, we must further add weight to technological transformation and strive to fulfill the province's investment in technological transformation by 6 billion yuan this year. In cultivating new economic growth points, we must vigorously develop township and town enterprises, tertiary industry, and the nonpublic economic sector. Governor Chen Bangzhu finally stressed that governments at all levels should exert themselves to suit the new situation and shoulder their heavy historic responsibilities.

Vice Governor Wang Keying spoke on the issue of agriculture and rural work. Provincial party and government leaders Xiong Qingquan, Sun Wensheng, Chu Bo, Zhu Bohua, Zhou Shichang, Tang Zhixiang, Pan Guiyu, Yang Huiquan, and Huang Shigen attended yesterday's meeting.

#### **Southwest Region**

##### **Sichuan Secretary on CPC Organizational Work**

*HK2602145893 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 19 Feb 93*

[Text] Yesterday afternoon, provincial party Secretary Yang Rudai held discussions with some of the deputies participating in the provincial organizational work conference on the question of strengthening party building under the economic conditions of socialist market economy. Comrade Yang Rudai listened to the deputies' speeches seriously and gave an important speech. He pointed out: First, the most fundamental task of strengthening party building is that we must arm our party with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. The most important historical achievement of the 14th CPC National Congress is that Comrade Deng Xiaoping's theory has been confirmed as the guiding thought for our party. We must heighten our understanding of arming the party with this theory on the plane of the fact that this is bound up with the future and destiny of the socialist cause and on the plane of unswervingly sticking to the party's basic line for 100 years. Second, the most fundamental job for strengthening party building is to pay good attention to work for and building of basic-level party organizations and giving play to party members' exemplary vanguard role and the role of basic-level party organizations as fighting bastions. Third, the most important guarantee for strengthening party building is improving the building of leading groups at all levels, especially those at the county level and above. In light of the need of establishing the socialist market economic system, organizational departments must appoint without sticking to one particular pattern young comrades who are bold in

pioneering work and who have made achievements in reform and opening up so that they can be successors of the party's cause. Participants in yesterday's discussion meeting included provincial Deputy Secretary Xie Shijie and Qin Yuqin, member of the provincial CPC committee standing committee and head of the provincial organization department.

**Yunnan Devises Infrastructure Development Plan**  
*OW2702022293 Beijing XINHUA in English 0136*  
*GMT 27 Feb 93*

[Text] Kunming, February 27 (XINHUA)—Southwest China's Yunnan Province, which is comparatively underdeveloped, has drawn up an infrastructure construction scheme to promote its economic development in the next ten years.

This was revealed by He Zhiqiang, governor of the province, at a meeting in this capital city of Yunnan.

The province plans to invest more than 10 billion yuan (about 1.72 billion U.S. dollars) in the construction of modern transportation and telecommunications networks.

More air routes will be opened to other major cities of the country as well as to southeast and south Asia. Water transportation will also be improved.

The construction or reconstruction of four railways is under way. The total length of railways in the province will be increased from the present 1,684 km to 2,390 km in 10 years, and the rail freight capacity, at present 22 million tons, will rise to 50 million tons.

Major highways will be expanded and upgraded. The total length of the province's highways will be expanded from 50,000 km at present to 70,000 km.

Telephone systems in rural counties will be automatically controlled while those of major cities will be program-controlled.

Meanwhile, Yunnan will speed up the economic development of the upper reaches of the Mekong River (called the Lancang River in China).

Making fully use of rich natural resources in this area, the province will develop the ferrous and nonferrous metal and paper industries in these areas. It will also become a major hydropower base by adding a generating capacity of 13 million kw [kilowatts].

The province welcomes overseas investors to participate in the construction of hydropower stations, the governor said.

The province will also organize major efforts to achieve self-sufficiency of staple foodstuffs. A number of large and medium-sized water control projects will be set up to protect 1.6 million ha of cultivated land from flood and drought.

Yunnan will boost the production of tobacco, grain and tea so as to promote the economic growth of the province as a whole. It will invest over 200 million U.S. dollars-worth of funds in the technological transformation of its tobacco industry and develop more international markets for tobacco products.

The province will also develop tourism and rural enterprises.

It will further open its border cities and set up product processing and trade bases.

Yunnan will pay more attention to its central areas, especially Kunming city, to promote the economic development of the whole province.

So far, many projects have been put into official operation, among which the Manwan Hydropower Station, with a generating capacity of one million kw, is the largest one of its kind along the Lancang River.

The construction of other major projects will also start this year. The Lanping Lead and Zinc Mine, the biggest of its kind in China, will be soon under construction. Meanwhile, the Zhaotong Reservoir, the biggest in the province, will be built and the third-stage technological transformation of the local tobacco industry will start soon.

## Northeast Region

**Liaoning Secretary Addresses CPPCC Congress**  
*SK2802074693 Shenyang Liaoning People's Radio*  
*Network in Mandarin 2300 GMT 26 Feb 93*

[Text] On the morning of 26 February, the provincial party committee held a democratic consultation meeting to discuss the personnel arrangements of leading bodies including the provincial people's congress, the provincial government and the provincial Committee of the Chinese People's Political Consultative Conference [CPPCC].

Responsible persons of various provincial democratic parties and the Federation of Industry and Commerce and nonparty personages attended the meeting.

Provincial party Secretary Quan Shuren addressed the meeting. He said: The guiding ideology of these personnel arrangements is to take Comrade Deng Xiaoping's speech made during his tour to south China and the spirit of the 14th CPC Congress as guidance, to comprehensively implement the principle of selecting cadres of political integrity who are young, better educated and professionally competent, and to select and promote to leading posts those outstanding cadres who firmly uphold the party's basic line and made achievements in their official career, and who have both political integrity and ability and have been acknowledged by the masses. The candidates have been elected by giving full rein to democracy.



Quan Shuren expressed the hope that the participants from various democratic parties and from the Federation of Industry and Commerce, and the nonparty personages would air their views and offer suggestions for the personnel arrangements. Yu Junbo, director of the provincial party committee organization department, briefed on the choice of persons.

While taking the floor, the participants all believed that comprehensive consideration has been given to the choice of persons for the leading bodies. This is of great significance in improving our province's economic construction and all fields of work. They expressed their satisfaction with the suggested namelists.

Responsible persons of the provincial committees of the Revolutionary Committee of the Chinese Kuomintang, the China Democratic Leagues, the China Democratic National Construction Association, the China Association for Promoting Democracy, the Chinese Peasants and Workers' Democratic Party, the China Zhi Gong Dang, the Jiusan Society, and the Federation of Industry and Commerce and nonparty personages, including Liu Mingjiu, Gong Shiping, Gao Qingzhou, Jiang Xiaoqin, Liu Chun, Xia Dezhao, Mo Taiyun, Gao Jizhong, Ma Pinfang, Feng Yousong, Yue Weichun, Zhang Lingyun were invited to the meeting. Sun Qi and Shang Wen, deputy secretaries of the provincial party committee; Xu Shaofu, former vice chairman of the provincial CPPCC committee; Xu Wencai, member of the provincial party committee standing committee and secretary general; Liu Qingkui, director of the provincial party committee united front work department; and Zhao Hongfan, deputy director of the provincial party committee united front work department, attended the meeting.

### **Liaoning Secretary Meets Hong Kong Visitors**

*SK0103054993 Shenyang Liaoning People's Radio Network in Mandarin 2300 GMT 27 Feb 93*

[Text] On the evening of 27 February, provincial party Secretary Quan Shuren and Governor Yue Qifeng met with and feted, at Youyi Guesthouse in Shenyang, the members and the friends from Hong Kong and Macao who came to participate in the first session of the seventh provincial committee of the Chinese People's Political Consultative Conference [CPPCC].

During the reception, Quan Shuren and Yue Qifeng thanked the members and the friends from Hong Kong and Macao for their contributions to developing cooperation in economic and trade fields between Liaoning and Hong Kong and Macao over the past several years. They expressed the hope that the members and friends from Hong Kong and Macao would offer even more and even better opinions and proposals on Liaoning's reform, opening up, and economic construction during the session and would, in particular, continue to play a positive role in strengthening the cooperation with the province during Liaoning's second pioneering drive.

Also joining the reception and the banquet were Wang Guangzhong, executive chairman of the presidium of the first session of the eighth provincial people's congress; Xu Shaofu, chairman of the sixth provincial CPPCC committee; Shang Wen, Wen Shizhen, and Zhang Rongmao, leaders of the provincial party committee and government; and Sun Qi, Lin Sheng, Liu Mingjiu, and Liu Qingkui, executive members of the presidium of the first session of the seventh provincial CPPCC committee.

**Deng Xiaoping 'Anxious' Over Losing Taiwan**

HK2602131393 Hong Kong KUANG CHIAO CHING  
in Chinese No 245, 16 Feb 93 pp 6, 7

[Article by Pai Hsing-liang (4101 5281 0081): "Deng Xiaoping Is Worried That Taiwan May Be Lost, and the CPC Is Observing Changes in Taiwan's Political Situation"]

[Text] **Large-Scale Reshuffle of Personnel, Changes Are Always Beyond All Expectations**

China's rapid development is attracting global attention, and the world is watching the changes in China in the new year.

The spring of 1993 is a critical period for China.

The plenary session of the National People's Congress and the plenary session of the National Committee of the Chinese People's Political Consultative Conference, for which a new term of office begins, will be convened in Beijing in March. Apart from a large-scale reshuffle of the senior hierarchy of the Chinese Government, thorough and large-scale replacements of leading cadres in various provinces, cities, townships, and towns have also taken place, and new blood has been added as the promotion of young cadres has become a trend. Personnel reshuffles are sensitive issues and many of the events have been beyond all expectations; for example, Wan Xueyuan was elected governor of Zhejiang. He went from Shanghai to Zhejiang not long ago, and he is neither a member of the CPC Central Committee nor a member of the provincial CPC standing committee (according to the stipulation, a governor is concurrently deputy provincial CPC committee secretary), whereas the original governor, Ge Hongsheng (member of the 14th CPC Central Committee), failed to be elected; Tianjin Municipal CPC Committee secretary and Political Bureau member Tan Shaowen, aged 63, died of illness suddenly; in Hainan Province, since Governor Liu Jianfeng and CPC Secretary Deng Hongxun were at loggerheads with each other, the central authorities transferred them from the province and allowed Minister of Labor Ruan Chongwu to take power and concurrently hold the posts of CPC secretary and governor. Moreover, Wang Xiaofeng was transferred from Hunan to Hainan to act as deputy party secretary and vice governor.

China has to face up to a number of issues, such as whether or not the economy will become overheated, the credit issue, social order, agriculture, communications, and with respect to diplomacy, in particular, how to deal with the United States and Britain.

**16-Character Principle of Sino-U.S. Relations**

China depends on its comprehensive national strength and strategic position to deal with the United States. As the U.S. economic recession continues [as published] and a quick recovery is unlikely, the China market, which is full of potential, and China's rapidly developing economic strength is a motive force attracting U.S. businessmen. Jiang Zemin has already

stated the 16-character principle of Sino-U.S. relations: "More confidence, fewer troubles, developing cooperation, and no confrontation." China has successively released a number of "democracy activists" since Clinton assumed power, which shows respect for Clinton. Due to the common needs of the two countries' mutual interests, it is unlikely that Sino-U.S. relations will deteriorate further.

**China Never Barter Away Its Principles on Issues of Sovereignty**

As far as the issue of Sino-British relations is concerned, people are concerned about whether or not the Chinese and the British foreign ministers can meet and talk with each other in March and successfully break the deadlock. However, China has asserted time and again that in matters related to the cardinal principle of sovereignty, the Chinese Government will never barter away its principles. How will the British Hong Kong Government place the "political reform package" on the agenda of the Legislative Council? How will China react and will it start all over again? This year, we will witness a tense and eventful political scene in Hong Kong.

**Political Situation in Taiwan Worsens; CPC Is Deeply Disturbed**

However, the latest notable incident occupying the attention of senior CPC leaders, who are busy with a host of state affairs but cannot but pay heed to the changes on the other side of the Strait, is that Li Teng-hui forced Hau Pei-tsun to step down and appointed Lien Chan to reshuffle the cabinet, the Democratic Progressive Party (DPP) and Li Teng-hui echoed each other, and those who advocate Taiwan independence may get the upper hand.

Li Teng-hui has connived with Taiwan independence activities since he assumed power, and many pro-Taiwan independence elements who fled from Taiwan many years ago have successively returned. Recently, even Peng Ming-min, nicknamed the "godfather of Taiwan Independence," was also invited to return to Taiwan to prepare a coalition comprising the DPP and those who advocate an "independent Taiwan."

Peng Ming-min was a colleague and friend of Li Teng-hui as early as in their days in Taiwan University. This time, Li Teng-hui promoted Lien Chan, who was once a brilliant disciple of Peng Ming-min, as "premier." In September 1992, Lien Chan went to Washington at the invitation of the Nation-Building Association [guo jian lian yi hui 0948 1696 5114 6146 2585] to deliver a speech on a special topic. He, as a member of the Kuomintang (KMT) Central Committee and chairman of Taiwan Province, went so far as to warmly embrace Peng Ming-min—the "wanted criminal"—in the auditorium. In November last year, after Peng Ming-min had returned to Taiwan, Lien Chan twice attended parties welcoming Peng Ming-min and drank toasts with the latter. As the "premier-ship" of Taiwan has been taken over by this kind of person, Li Teng-hui himself is inclined to advocate Taiwan independence and members of the "non-core faction" within the KMT advocating unification have been successively purged and have

been given the cold shoulder. All of this has inevitably caused much concern among the Chinese people.

Furthermore, Li Teng-hui has even invited the exiled Tibetan Government to dispatch a delegation to visit Taiwan on behalf of the Dalai Lama, and the delegation will be headed by Dundrub [jia le dun zhu 0857 2867 2415 3796], the elder brother of the Dalai Lama. The purpose is to "remove misunderstandings between the two governments and to discuss the possibility of establishing permanent links." Where does Li Teng-hui want to guide Taiwan? Inevitably, this has also caused much concern among the Chinese people.

Li Teng-hui joined hands with the DPP to overthrow Hau Pei-tsun, to reshuffle the Cabinet, and to continue to remove those of the "noncore faction." However, KMT veterans, the noncore party faction, and a considerable number of the military are not willing to surrender in this way. In Taiwan, not only the "noncore faction" and Hau Pei-tsun oppose Taiwan independence, but a majority of local Taiwan people are also against Taiwan independence and against the division of the motherland. Li Teng-hui willful acts will create instability and turbulence in Taiwan's political and social situation, whereas senior CPC leaders on the other side of the Strait will certainly not put their hearts at ease.

#### **Deng Xiaoping Worries That Taiwan Will Be Lost**

In recent years, Deng Xiaoping has always been anxious about the danger of losing Taiwan.

Since pro-Taiwan independence force have run rampant, the United States and France sold new weapons to Taiwan, and Li Teng-hui removed Hau Pei-tsun, Deng Xiaoping, who was spending the Spring Festival in Shanghai, became suddenly aware that apart from affirming China's achievements in economic reform efforts should be made to guard against the division of the country.

Deng Xiaoping has warned Jiang Zemin that, no matter how busy and tired they are, China's unification, sovereignty, and territorial integrity cannot be neglected. If someone wants to split Taiwan from China we must promptly take strong measures.

#### **CPC Reshuffles Leading Group Responsible for Taiwan Affairs in Preparation for Emergency**

To counter developments in the Taiwan situation, it has been learned that the CPC has taken relevant measures recently to reshuffle the leading group responsible for Taiwan affairs in preparation for an emergency by adding military men and some elements with youthful vigor.

If pro-Taiwan independence forces run rampant further and the crisis intensifies to the extent that separation is imminent, it is hard to say whether or not the CPC

would really take resolute measures. With regard to the disaster which could occur, the Chinese people cannot but show profound concern.

#### **Basketball Team Arrives in Taiwan for Visit**

*OW2602161593 Beijing XINHUA in English 1554 GMT 26 Feb 93*

[Text] Hong Kong, February 26 (XINHUA)—The Liaoning men's and Hebei women's basketball teams arrived in Taipei Friday [26 February] for an unprecedented trip.

The two teams, led by Yang Boyong and accompanied by guest Lu Xianwu, are the first sports teams from Mainland China to tour Taipei.

The 36 member party will stay 10 days at the invitation of Chinese Taipei Basketball Association.

#### **Statue of Late KMT General Planned for Xian**

*OW2402034693 Beijing XINHUA in English 0150 GMT 24 Feb 93*

[Text] Beijing, February 24 (XINHUA)—A 6.5-meter high bronze statue of the late Kuomintang (KMT) General Yang Hucheng will be erected in front of the tomb of the general in Xian, which is now undergoing repair and renovation, according to the Beijing-based UNITY newspaper.

The burial site is located in Changan county in Xian city, capital of northwest China's Shaanxi Province. Besides the bronze erection, two 240-square-meter exhibition rooms, two hexangular pavilions and a receiving room will be built at the site, a one-hectare burial ground built by the state government in 1950.

General Yang Hucheng (1893-1949) and another KMT general, Chang Hsueh-liang, known as the "Young Marshal", arrested Kuomintang leader Chiang Kai-shek in Xian on December 12, 1936, in order to force him to stop the civil war against the Communist Party of China (CPC) and fight against the Japanese invasion.

Yang was then arrested by Chiang Kai-shek and executed in Chongqing, Sichuan Province in 1949. His comrade Chang now lives in Taiwan after decades of house arrest by the KMT.

Yang and Chang have been remembered as national heroes since the founding of New China.

This year is Yang's 100th birth anniversary. The national Central Television Station put on a dramatic series of his life earlier this year, and various books about the late KMT general have also been published.

Over one million yuan will be spent on the renovation of the burial grounds in Xian. When the renovation is completed, the site is expected to receive 100,000 visitors both from the country and abroad every year.



# **Official Urges 'Secret' Discussion on U.S. Talks**

OW2802080993 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 26 Feb 93

[By station reporter Wang Hsiang-mao from the "Hookup" program—recorded]

[Text] [Wang] In an attempt to resolve difficulties encountered at the Sino-U.S. negotiations on the protection of intellectual property rights, the interior, foreign, and economic affairs ministers attended a discussion meeting sponsored by the Legislative Yuan's Foreign Affairs Committee. At the meeting the ministers expressed their desire to resolve differences before the negotiations get under way. According to Foreign Minister Chien Fu, the situation is even more unfavorable to us because the current property rights negotiations are being held just after the U.S. presidential election [as heard].

[Chien Fu] Because the Clinton administration's tenure has just begun, its economic and trade officials are all enthusiastic about securing results through the adoption of a strong position. Also, I would like to tell you this: Whenever an election is held in the United States, every special interest group makes contributions of one kind or another. When a new government takes the helm, all these interest groups begin pressuring the government, saying that during the campaign, you said such and such, and now we want you to fulfill your promises. The issue of protecting intellectual property rights will inevitably prove to be a crucial subject for the Clinton administration because it is the most competitive aspect of U.S. foreign trade.

[Wang] According to the report presented by Minister Chien Fu and Economics Minister Hsiao Wan-chang, U.S. [words indistinct] International Intellectual Property Rights Alliance, the Antipiracy Alliance, the Association for (?Pharmaceutical Manufacturers), [words indistinct] companies, and industrial groups have demanded compensation from our country. This compensation amounts to more than \$800 million. Moreover, if our country fails to observe the agreement, the damages incurred will be far greater than this amount. Here is the statement made by Minister Hsiao Wan-chang:

[Hsiao Wan-chang] In accordance with our analysis, our exports to the United States, including computers and spare parts will possibly face retaliatory measures. This is because computers comprise our main export to the United States. Meanwhile, electronic and electric appliances, spare parts, office automation equipment, and others types of equipment have a great export potential. If the U.S. Government formally carries out its retaliatory policy, we will be forced to withdraw these products from U.S. markets. The actual losses will be far greater than \$800 million. As compared with the interests of a few compact disc dealers, MTV centers [businesses that attract patrons by providing private booths featuring television sets and music videos], and fourth channels [unlicensed cable television stations] in our country, our losses will be much greater.

[Wang] Meanwhile, Interior Minister Wu Kuo-hsiung said: The Executive Yuan has not yet decided what steps our country will take in conducting its negotiations with the United States. He expressed his hope that the executive and legislative branches of government will coordinate their positions through secret consultations to prevent the U.S. side from learning our bottom line.

[Wu Kuo-hsiung] The Executive Yuan's current position is this: It wants to reach a consensus through secret consultations between the Executive and Legislative YUANs before our negotiators leave for the United States for the talks. We really do not want a public debate at this time because it would expose our bottom line before the negotiations. This is the problem we are now facing.

[Wang] Because of problems related to points of order, the meeting, which was sponsored by the Legislative Yuan's Foreign Affairs Committee, was changed at the last moment to a discussion meeting. Nevertheless, because all participating legislators and government officials are attaching great importance to the Sino-U.S. talks, those in attendance reached a common understanding that they would communicate with each other again in the near future. This is Wang Hsiang-mao reporting from the Legislative Yuan.

## **Government Prepares for U.S. Trade Talks**

OW0103090293 Taipei CNA in English 0745 GMT 1 Mar 93

[Text] Taipei, March 1 (CNA)—The government will do its best to integrate the different plans for intellectual property rights (IPR) protection prior to the trade consultations with the United States slated to open in Washington, D.C. March 8.

Hsiao Wan-chang, new chairman of the Council for Economic Planning and Development (CEPD), made these remarks in his first talks on the government's economic strategy after assuming the post Saturday [27 February].

The top economic planner, who is also the head of a task force on trade ties between Taiwan and the United States, said that the task force will soon convene a supra-ministerial meeting to deal with such issues as the parallel import of genuine goods, retroactive protection of agricultural chemicals, inspection of computer software exports, and the crackdown on underground cable TV stations.

The task force will also seek a coordination of efforts from the legislature in order to facilitate the upcoming orwfe negotiwtions, he noted.) [sentence as received] Hsiao pointed out that his task force will jointly work with the Ministry of Economic Affairs on a new five-year package of policy guidelines to further enhance trade relations with the United States, as the previous four-year program expired late last year.

Noting that IPR protection is a matter of ever-increasing importance, Economic Affairs Minister P. K. Chiang pledged the government will continue its efforts to clamp down on counterfeiting and pirating.

The new minister stressed that the government launched a nationwide drive recently to intensify the crackdown on copyright infringement for its own sake rather than under American pressure.

Protecting fruits of human creativity and inventions from unauthorized use is crucial to the development of the domestic economy, he elaborated.

In order to adhere to international standards of IPR protection, he added, the government must strengthen the enforcement of intellectual property laws.

Chiang expressed the hope that the forthcoming trade consultations will help solve the trade issue between Taiwan and the United States, and thus enable Taiwan to avoid American trade retaliation under the Special 301 provision of the 1988 United States Omnibus Trade Act.

The United States is Taiwan's largest trading partner. Two-way trade totaled US\$39.34 billion last year, with Taiwan enjoying a surplus of US\$7.8 billion.

A 15-member delegation, led by Director-General Sheu Ke-sheng of the Board of Foreign Trade, is scheduled to leave March 5 for the trade consultation meeting, which has been the focus of attention here.

#### **Foreign Ministry To Keep 'Pragmatic Diplomacy'**

*OW2702091893 Taipei CNA in English 0802 GMT  
27 Feb 93*

[Text] Taipei, Feb. 27 (CNA)—The Ministry of Foreign Affairs will continue its pragmatic diplomacy and try its best to fulfil the wish of the people to resume the Republic of China [ROC]'s membership in the United Nations, Foreign Minister Chien Fu said Friday.

Minister Chien is among the few cabinet officials remaining at their old posts in the current cabinet reshuffle. The vice ministers of the Foreign Ministry, C.J. Chen and Chang Hsiao-yen, have respectively taken up new posts as director of the Kuomintang's Overseas Affairs Department and chairman of the Overseas Chinese Affairs Commission under the cabinet.

Observers consider that the ruling Kuomintang's new cabinet line-up will effect a close coordination between foreign affairs and overseas Chinese affairs aimed at winning this nation strong footing in the international community.

#### **Lien Chan Assumes Prime Minister's Office**

*OW2702092093 Taipei CNA in English 0756 GMT  
27 Feb 93*

[Text] Taipei, Feb. 27 (CNA)—Premier Lien Chan took over his new office at the Executive Yuan from Hao Po-tsun Saturday morning.

The handover ceremony was officiated by senior advisor to the president Yu Kuo-hua in the auditorium of the Executive Yuan.

The new premier and his cabinet officials will be officially sworn in by President Li Teng-hui next Monday [1 March] at the presidential office.

#### **Premier Lien Chan Gives News Conference**

*OW2702102993*

[Editorial Report] Taipei China Broadcasting Corporation News Network in Mandarin at 0240 GMT on 27 February broadcasts a live relay of a news conference for more than 100 local and foreign reporters by newly elected Premier Lien Chan at the Government Information Office [GIO] in Taipei. The news conference is moderated by GIO Director-General Hu Chih-chiang and lasts 40 minutes. Hu Chih-chiang explains that the premier has to attend a cabinet meeting at 0330 GMT.

After expressing his welcome to reporters, Lien Chan answers a question by (Li Chien-jung) from CHUNG SHIH WAN PAO regarding the salient features of the new cabinet. The premier describes his cabinet as one with vigor and vitality composed of specialized persons of foresight.

Responding to a question by (Hu I-hu) from the China Television Corporation on the identity of the country, the premier says that the one China policy will be persistently upheld in dealing with foreign countries.

In response to a question by (Chou Wei-li) from Tzu Li Tsao Pao on whether double diplomatic recognition means two Chinas, Lien Chan says: "In the present environment, we will not abandon the ideal of reunification. However, before the national reunification is achieved, we must develop both domestic and foreign relations in all fields as soon as possible. So far, the so-called double recognition is in fact nonexistent. In the days to come, we will expand our foreign relations and establish closer ties with international organizations and international community. We believe that this is a right a sovereign state should have."

Responding to TZU LI WAN PAO reporter (Wang Yin-lin's) question, the premier defends the designation of Sun Chen, president of Taiwan University, as defense minister and describes his choice as very appropriate on the ground that the defense minister's job is mainly a managerial job.

A Voice of America reporter asks about Taiwan's environmental protection, the premier says: "Our government attaches great importance to environmental protection. We have firmly adhered to international norms in environmental protection. Some reports abroad have caused certain negative impacts on our country. In this regard, we on the one hand will clarify those questions. On the other hand, our government will reiterate our commitment to adhering to both domestic and international environmental protection rules and regulations and strive to eliminate other's doubt about us. To my knowledge, many of those reports are not true, but the government will redouble its efforts in this regard."

When asked about Taiwan's countermeasures against the possibility of intensified pressure from the Chinese communists after Hong Kong's reversion to China in 1997, the premier says: "Hong Kong is a very important internationalized economic entity, having a very important bearing on the Republic of China. I believe that Hong Kong will be able to continue its economic development and its democratic system. If it remains a highly internationalized economic entity and democracy continues in 1997, the Republic of China [ROC] should continue its present relations with Hong Kong and regard it as a special administrative zone."

On the question of investment in the mainland, Lien Chan describes present investment in the mainland as something for mutual benefit. However, he warns the ROC people not to make blind investments in the mainland, because the political and economic trends there are not yet very clear.

Lien Chan also briefly answers questions about the plan to issue a government-sponsored lottery, the stock market, the prevention of money politics, the six-year construction projects, income tax on government functionaries, communications between the Executive Yuan and the Presidential Office, and how to enhance Taiwan's economic competitive power.

#### Plans for 'One China' Policy

OW2702091993 Taipei CNA in English 0808 GMT  
27 Feb 93

[Text] Taipei, Feb. 27 (CNA)—Premier Lien Chan said Saturday [27 February] morning that his administration will maintain the "One China" policy in exploring the nation's external relations and promoting democratization and modernization for the welfare of the people.

Lien met the press after assuming his new post at the Executive Yuan Saturday morning. He gave a brief account of the new cabinet's policies in politics, economics, social affairs, culture, education and arts.

He said the new cabinet had recruited specialists across the social spectrum, who will serve the people and the nation with professionalism and far-sightedness.

In politics, Lien said the new cabinet will fully implement the revised constitution.

The six-year national development plan will proceed as scheduled, Lien said. In the meantime, the government will speed up the pace of implementation of various programs.

Culture and education will also be the emphasis of the new cabinet, he added.

Premier Lien said that with the participation of the abundant manpower resources in the nation's various development plans, a harmonious society can certainly be attained.

#### President Officiates Swearing-In of New Cabinet

OW0103094993 Taipei CNA in English 0804 GMT  
1 Mar 93

[Text] Taipei, March 1 (CNA)—President Li Teng-hui Monday [1 March] morning officiated the swearing-in of the 26 cabinet officials under Premier Lien Chan at the presidential office.

The ceremony was attended by Vice President Li Yuan-zu, Secretary-General to the President Tsiang Yien-si, Legislative Yuan President Liu Sung-fan, Examination Yuan President Kung Teh-cheng, Control Yuan President Chen Li-an, secretary-general Chen Chin-jang, of the National Assembly, secretary-general Shih Chi-yang of the National Security Council, personal chief of staff to the president Lin Wen-li and deputy secretary-general to the president J. Y. Chiu.

#### Comments on New Cabinet

OW2702123093 Taipei CNA in English 0824 GMT  
27 Feb 93

[Text] Taipei, Feb. 27 (CNA)—The new cabinet headed by new Premier Lien Chan will bring new thinking and dynamism to the nation, President Li Teng-hui said Friday.

Li made the remarks in his capacity as chairman of the ruling Kuomintang after the KMT Central Standing Committee (CSC) unanimously approved Lien's cabinet line-up.

The president also urged Lien and his cabinet to respect public opinion in formulating and executing national policies.

"You must perform your duties in the interests of the nation and for the well-being of the people," Li encouraged the new premier.

President Li will preside over a ceremony next Monday officially installing Lien, Vice Premier Hsu Li-teh and the newly appointed cabinet members in their posts.

Lien told a news conference following the CSC meeting that he and his cabinet will further promote the development and modernization of the nation. "We'll not disappoint our people," he stressed.



The new cabinet makeup has drawn mixed reactions from different sectors of society. While some say the new cabinet will instill new vigor into the government, others worry that the highly business-oriented cabinet may yield to the influence of interest groups at the expense of public interest.

Generally speaking, the new cabinet, consisting of many young and well-educated members, looks promising. The average age of the new cabinet is 56 years. The difference between the figure and Lien's age (57) is the smallest ever for any premier and his cabinet.

Judicial Yuan President Lin Yang-kang said most of the new cabinet members are assigned to posts suited to their backgrounds and schooling.

Legislative Yuan President Liu Sung-fan said the new cabinet line-up reflects the needs of an increasingly pluralistic society.

Wang Tso-jung, minister of examination under the Examination Yuan, said the Lien cabinet is strongly business-oriented. "We have quite good people appointed to take the posts handling economic and financial affairs," he observed.

New Vice Premier Hsu Li-teh, Economics Minister Chiang Ping-kun, Finance Minister Lin Cheng-kuo and CEPD (Council for Economic Planning and Development) Chairman Hsiao Wan-chang are all experienced economists and financiers.

"The selection of them shows that the Lien cabinet will pursue rapid economic development as one of its top priorities," Wang noted.

The 33-member new cabinet comprises six former university presidents and 14 people with doctoral degrees, prompting some critics to dub it "the cabinet of pundits."

Former university presidents in Lien's cabinet are defense Minister Sun Chen (National Taiwan University); Transportation and Communications Minister Liu Chao-hsun (National Tsing Hua University); National Science Council Chairman Kuo Nan-hung (National

Chiao Tung University); Education Minister Kio Wei-fan (National Taiwan Normal University); Minister Without Portfolio Hsia Han-min (National Cheng Kung University); and National Youth Commission Chairman Ying Shih-hau.

Lien himself holds a Ph.D. from the University of Chicago and once served as chairman of the Political Science Department at National Taiwan University. Several other new cabinet members, such as Ministers Without Portfolio Hungda Chiu and Kuo Wan-jung, and Shue Hsueh-yung, chairman of the Council for Cultural Planning and Development, also maintain close ties with the academic community.

Ma Ying-jeou, the youngest member of the Lien cabinet, said Friday that he was "extremely apprehensive" when asked to describe how he felt upon hearing he was named as new justice minister.

Ma, who has a doctoral degree in law from Harvard University, had been vice chairman of the Mainland Affairs Council before being appointed to head the Justice Ministry.

#### **Outgoing Premier Confident of Island's Future**

*OW2702114193 Taipei CNA in English 0759 GMT  
27 Feb 93*

[Text] Taipei, Feb. 27 (CNA)—Outgoing premier Hao Po-tsun said Friday [26 February] that he was confident of the Republic of China's future and called democracy and national unification vital to the nation's continued prosperity.

In his television address, Hao also expressed his concern over such predominant issues as the influence of money in the political spectrum, ambiguous national identity and the so-called complex of provincialism.

He called on the nation's people to appreciate what they have achieved in the past years and to step forward for a better future.

As premier, Hao said that he was pleased of the progress of major administrative plans. At the same time, a spate of incidents in which people had been killed or injured due to administrative negligence had left him in deepest grief.

## Hong Kong

### Lu Ping Seeks UK Promise for Talks Resumption

HK0103105593 Hong Kong AFP in English 1040 GMT  
1 Mar 93

[Text] Hong Kong, March 1 (AFP)—London must promise to implement any agreement it reaches with Beijing on political reform in Hong Kong before Sino-British talks on the colony can resume, a senior Chinese official said Monday.

The remarks by Lu Ping, head of China's Hong Kong and Macao Affairs Office, were seen as fresh pressure from Beijing to block the colony's Legislative Council from ratifying Governor Chris Patten's proposals.

The controversial proposals aim to expand the electoral franchise for Legislative Council elections before Hong Kong reverts to Chinese sovereignty in July 1997.

Speaking to Hong Kong reporters in Beijing, Lu said there was no point in holding talks if Britain could not implement any agreements on political reform that might come out of them.

He said Britain had broken one previous Sino-British agreement, though he did not elaborate, Radio-Television Hong Kong reported.

Since he tabled his proposals in October, Patten has insisted that they must be endorsed by the partly elected, partly appointed Legislative Council, which Beijing has long dismissed as an instrument of British colonial rule.

China wants the proposals withdrawn, and any discussions on political change be conducted exclusively by London and Beijing.

The proposals, in the form of draft legislation, were to have been tabled in the council last month, but they have yet to be published in the government's official gazette.

In its edition this week, a China-controlled Hong Kong magazine, *Bauhinia*, said the Legislative Council could not be brought into discussions on political reform.

"There can be no 'three-legged stool' in Sino-British negotiations," the monthly said in an article that argued against Hong Kong's inclusion in any Sino-British talks on political development.

*Bauhinia* accused the British government of trying to block China's resumption of sovereignty over Hong Kong in 1997 by grooming its own lackeys in the Legislative Council.

Local legislators want the British government to give them a voice in the talks, while British officials and Patten have promised not to exclude them.

The governor's hand-picked cabinet, the Executive Council, and the Legislative Council should not participate in talks because they "do not represent the view of people in the British colony," *Bauhinia* said.

The article reiterated Beijing's view that London should withdraw Patten's proposals.

"In matters of principle, there should be no political gambling or political deals," it said, adding that by refusing to drop Patten's proposals, the British side was delaying the resolution of other problems concerning the transition to Chinese rule.

The latest Chinese salvos came as Legislative Councillor Allen Lee, leader of conservative Co-operative Resources Centre (CRC), and seven CRC members left for Beijing to urge China to return to the negotiating table to resolve the row.

They are to see Premier Li Peng and Lu Ping during their four day trip.

The CRC announced on Sunday the forming of a new political group, to be called the Liberal Party, which Lee said would promote "liberal values." Lee was elected chairman of a 44-member party preparatory committee.

### XINHUA Reiterates PRC Stance on Reforms

HK2702065593 Hong Kong WEN WEI PO in Chinese  
27 Feb 93 p 12

[Report: "XINHUA Hong Kong Branch Deputy Director Zhang Junsheng Reiterates That Hong Kong Constitutional Program Must First Be Worked Out Through Consultations Between China and the UK Before It Is Implemented by Hong Kong Government"]

[Text] Zhang Junsheng, XINHUA NEWS AGENCY Hong Kong Branch deputy director, reiterated the Chinese side's position yesterday, saying that Hong Kong Governor Chris Patten must throw away his constitutional reform package; any plan for development of the Hong Kong constitutional system must first be worked out through consultations between the Chinese and British sides with unanimity being reached before it is implemented by the Hong Kong Government. He solemnly indicated that it is futile for the British side to put pressure on the Chinese side by way of gazetting the bill.

Zhang Junsheng made the aforesaid statement in answer a reporter's question on whether or not the Hong Kong Government's repeated postponement in gazetting the bill on constitutional reform would be helpful to Sino-British talks, while Zhang was attending the initial distribution ceremonies of the book *Collection of Articles by Hong Kong University Alumni in China* yesterday.

Zhang Junsheng said that the Chinese side has, on many occasions, talked about the 1995 elections issue and made its principled position very clear, namely, the plan must first be worked out through consultations between China and Britain before it is implemented by the Hong

Kong Government. The question lies precisely in the fact that the constitutional reform package dished up by Chris Patten has violated the spirit of the Sino-British Joint Declaration.

Zhang indicated, it is explicitly written in the Sino-British Joint Declaration that all matters relating to the smooth transfer of the Hong Kong Government and stable transition must be submitted for Sino-British consultations. It is explicitly stated, especially in the annex about establishing the Sino-British Joint Liaison Group [JLG], that matters on which there is disagreement in the JLG shall be referred to the two governments for solution through consultation.

Zhang Junsheng said that the constitutional reform package dished up by Chris Patten has violated the Joint Declaration, the principle of converging with the Basic Law, and the understanding and agreements reached between the two sides both in the manner the package was dished up and in its contents.

Zhang reiterated that the Chinese side has made its attitude very clear, namely, that consultations and talks can only be conducted by returning to the principled position of the "three conformities," [san fu he 0005 4569 0678] and there is no room for discussing Chris Patten's package. This being the case, to return to the basis of consultations, it is first necessary to throw away Chris Patten's constitutional reform package and not to present it to the Executive Council for discussion and then submit it to the Legislative Council [Legco] for adoption. The 1995 elections issue should come under the consultations between China and Britain; as to its organization and implementation in the wake of consultations, that is something to be taken care of by the British side.

Zhang added that, as of today, he has not heard anything about China and Britain resuming consultations. However, the British side has recently spread rumors that the Chinese side had softened its stance. There is nothing like that. The Chinese side's principled stance remains unchanged, simply because it cannot be changed. As to the British Hong Kong authorities repeatedly saying that the gazetting of the constitutional reform bill cannot be postponed, and can no longer be postponed, and the bill should be submitted to the Legco, and so forth. Zhang Junsheng indicated solemnly that it does not help by putting pressure on the Chinese side in this way. To resume consultations, the British side must throw away Chris Patten's constitutional reform package and earnestly return to the principled basis of the Sino-British Joint Declaration, the Basic Law, and all understandings and agreements reached between China and Britain through diplomatic channel.

#### **Li Peng Meets Businessmen, Comments on 1997**

OW2802040093 Beijing XINHUA Domestic Service in Chinese 1347 GMT 18 Feb 93

[By reporter Feng Xiuju (7458 4423 5468)]

[Text] Beijing, 18 Feb (XINHUA)—Premier Li Peng met with the board of directors of the New China Hong Kong Group Ltd., headed by its chairman T.T. Tsui in the Great Hall of the People this afternoon. He warmly congratulated the inauguration of the group and wished it "good luck and success."

The New China Hong Kong Group Ltd., is a large multinational joint venture comprising more than 40 prominent enterprises on the Chinese mainland, Hong Kong, Taiwan, and Singapore. The inauguration ceremony for the group was held here this evening.

Li Peng said: It is very significant that the New China Hong Kong Group can absorb and unite prominent second-generation Hong Kong and Taiwan entrepreneurs in economic and technological cooperation with the mainland and support its four modernizations.

He said that the entrepreneurs of the old generation in Hong Kong and Taiwan enjoyed good relations and cooperation with the mainland. He expressed the conviction that the new generation will carry forward this fine tradition.

Li Peng said: We are very pleased to note that the economic ties between the mainland and Hong Kong have daily become closer, especially through investment in the mainland's infrastructure. This is a positive trend. There is a bright future for bilateral cooperation of mutual benefit in this field. He hoped that the group will make contributions to the further promotion of mutual economic and technological cooperation.

When asked about Hong Kong's political system, Li briefly explained China's consistent stand on the question. He said: Our principle of "one country, two systems" and our basic policy on maintaining Hong Kong's stability and prosperity remain unchanged. At the same time, we hold that the relevant agreements and understandings reached between China and Britain should be fully implemented.

He said: All issues straddling 1997 involving the responsibilities and obligations of the future government of the Hong Kong Special Administrative Region and issues on convergence with the Basic Law should be settled through consultation between the Governments of China and Britain in accordance with the joint declaration on Hong Kong.

T.T. Tsui said: The newly established China Hong Kong Group aims to further promote a long economic cooperation for mutual benefit between the Hong Kong, Taiwan, and the mainland. The group's members have full confidence in China's economic development as well as in the group's success in the environment of China's reform, opening up, and economic development.

Present at the meeting were Lu Ping, director of the Hong Kong and Macao Affairs Office under the State Council, and Zhou Nan, director of the XINHUA NEWS AGENCY's Hong Kong branch.



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